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ABSTRACT

These two volumes contain hearings of the first and second sessions on the manpower act bills: H.R. 10908, to develop and strengthen a systematic national, state and local manpower policy and provide for a comprehensive delivery of manpower services; H.R. 11620, to assure an opportunity for employment to every American seeking work and to make available the education and training needed by any persons to qualify for employment consistent with his highest potential and capability and for other purposes; and H.R. 13472, to establish a comprehensive manpower development program to assist persons in overcoming obstacles to suitable employment, and for other purposes. The text of the three bills is included in volume one. (PR)

MANPOWER ACT OF 1969

HEARINGS

BEFORE THE

SELECT SUBCOMMITTEE ON LABOR

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST AND SECOND SESSIONS

ON

H.R. 10908, H.R. 11620, AND H.R. 13472

BILLS TO ASSURE AN OPPORTUNITY FOR EMPLOYMENT TO EVERY AMERICAN SEEKING WORK AND TO MAKE AVAILABLE THE EDUCATION AND TRAINING NEEDED BY ANY PERSONS TO QUALIFY FOR EMPLOYMENT CONSISTENT WITH HIS HIGHEST POTENTIAL AND CAPABILITY, AND FOR OTHER PURPOSES

PART 1

HEARINGS HELD IN WASHINGTON, D.C., DECEMBER 10, 1969; JANUARY 28, 29; FEBRUARY 3, 18, 19, 25, 26; MARCH 3, 4, 11, 12, 17, 1970; DETROIT, MICH., MARCH 30, 1970; DES MOINES, IOWA, MARCH 31, 1970

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

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MANPOWER ACT OF 1969

WEDNESDAY, DECEMBER 10, 1969

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The select subcommittee met at 10 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the select subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Hawkins, Ford, Green, Burton, Ayres, Quie, Esch, Steiger, and Collins.

Also present: Representatives Pucinski, Reid, Ashbrook, Dellenback, Landgrebe, and Ruth.

Staff members present: Dan Krivit, counsel for the subcommittee; and Marty LaVor, minority legislative assistant; Loretta Bowen, clerk; and Sue Nelson, research assistant.

[H.R. 10908, 91st Cong., first sess.]

A BILL To develop and strengthen a symstematic National, State, and local manpower policy and provide for a comprehensive delivery of manpower services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Manpower Act of 1969."

FINDINGS AND STATEMENT OF PURPOSE

Sec. 2. In recognition of the unmet needs of the unemployed and underemployed, the Congress finds that it is essential to the welfare of all Americans that concerted action be taken by National, State, and local governments to more effectively and economically utilize State and Federal funds for manpower training, work experience, job placement, and other services. Further, that it is essential to (1) establish explicit priorities for the allocation of these funds to insure that they are used to reach and assist those in greatest need of manpower services; (2) to establish clear cut goals for the total system of manpower training, work experience, placement, and other services to maximize the effectiveness of the system in assisting individuals to find and maintain gainful employment; (3) to enlist the full support of private industry in securing jobs for enrollees of manpower programs; (4) to link together and coordinate the efforts of Federal, State, and local public and private agencies involved in performing manpower services; (5) to facilitate a smoother transition for students leaving the Nation's educational institutions and entering the world of work; (6) to develop new approaches for improved services and changes in traditional organizational patterns used to assist economically disadvantaged and insufficiently trained individuals; and (7) to coordinate the Nation's manpower needs and services as closely as possible with economic development, transportation planning, new residential housing, and other factors related to the development of new job opportunities.

AUTHORIZATION OF APPROPRIATIONS

Sec. 3. There is hereby authorized to be appropriated to the Secretary for making grants under this Act the sum of $2,000,000,000 for the fiscal year 1971,

$2,300,000,000 for the fiscal year 1972, $2,500,000,000 for fiscal year 1973, and $3,000,000,000 for the fiscal year 1974. For the fiscal year 1975, and each succeeding fiscal year there is authorized to be appropriated only such sums as the Congress may hereafter authorize by law.

USE OF FUNDS

SEC. 4. From the sums appropriated for making grants under this Act for a fiscal year, the Secretary shall reserve 30 per centum for making grants authorized under section 12. The remainder of such sums shall be used by him to make grants to assist States to carry out comprehensive manpower plans as hereinafter provided.

ALLOTMENTS TO STATES

SEC. 5. (a) The Secretary shall allot among the States the funds remaining after he has made the reservation required by section 4 in accordance with uniform standards, and in arriving at such standards, he shall consider only the following factors:

(1) the proportion which the manpower allotment of a State during the preceding fiscal year bears to the total manpower allotments of all States during the preceding fiscal year;

(2) the proportion which the nonagricultural labor force of a State bears to the total nonagricultural labor force of the United States;

(3) the proportion which the unemployed within a State bears to the total number of unemployed in the United States; and

(4) the proportion which the population, age fourteen through seventeen years, in a State bears to the total population, age fourteen through seventeen years, in the United States. Notwithstanding the foregoing, the allotment for the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands shall be $150,000, and none of the remaining States shall be allotted less than $1,000,000.

(b) The amount of any State's allotment under subsection (a) for any fiscal year which the Secretary determines will not be required for such year shall, if section 10 does not provide for its expenditure, be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in such amounts as the Secretary shall determine.

DEVELOPMENT OF COMPREHENSIVE MANPOWER PLANS

SEC. 6. The Secretary shall enter into an agreement with the Governor of each State under which a planning group will develop a comprehensive manpower plan for the State. Such planning group shall consist of the appropriate State agencies, including the State education agency and the State employment service, and representatives of labor, management, private agencies active in the manpower field, and the public, appointed by the Governor. Each such agreement shall—

(1) require each comprehensive manpower plan to set forth a long-range program plan (or, as is appropriate, a supplement to, or revision of, a previously submitted long-range program plan) for programs to be carried on with assistance under this Act, which program plan extends over three years beginning with the fiscal year for which the comprehensive manpower plan is submitted, describes the present and projected needs for programs provided for in this Act, and sets forth the long-range program objectives;

(2) require each comprehensive manpower plan to set forth an annual program plan, which describes the content of, and allocation of Federal funds to, programs, services, and activities to be carried out under the plan during the year for which Federal funds are sought, and indicates how and to what extent such programs, services, and activities will carry out the program objectives set forth in the long-range program plan;

(3) require (A) that institutional training be, where possible, arranged or provided through State education or training agencies and that such training and on-the-job training provided for under the plan be of high quality and be so constituted as to duration and content as to meet the special needs of trainees, (B) that adequate and safe facilities, and adequate personnel and records of attendance and progress be provided, and (C) that is the case of on-the-job training, each trainee's program involve reasonable progression and reasonable compensation considering such factors as industry, geographical region, and trainee proficiency;

(4) require each comprehensive manpower plan to give special emphasis to the employment and training needs of persons who are from poverty families using as an index of poverty the minimum income per household of a given size, composition, and farm or nonfarm status, as set forth by the Social Security Administration;

(5) set forth priorities in terms of target groups, and varieties of programs established by the Secretary in light of national needs;

(6) set forth a program for providing placement services which will utilize the facilities and services of the State employment services as well as facilities and services from other sources, and which will make effective placement services available, not only to persons who have completed training under a comprehensive manpower plan, but also to other categories of persons;

(7) require that personal and educational and vocational counseling, testing, and evaluation be utilized to assure that each individual served will be provided appropriate services, and that followup services be provided to insure that training is effectively utilized by the trainee;

(8) establish the criteria to be used in fixing training and other allowances and compensation for services;

(9) establish the criteria to be used in fixing the payments to be made to employers participating in on-the-job training and similar programs;

(10) require the utilization to the maximum extent feasible of public and private profit and nonprofit agencies and organizations, and of all the State and local agencies and organizations, which are capable of contributing to the program, with priority given to skills centers and other education and training programs operated or arranged through State and local educational agencies; and

(11) require the establishment and operation of a data system which will provide, in readily accessible form, statistical information sufficient to enable the administrators of the plan to evaluate the effectiveness of programs carried on under the plan and to determine means of improving their effectiveness.

COMPREHENSIVE MANPOWER PLANS

Sec. 7. (a) Any State which disires to receive a grant from funds allotted it under section 5 shall submit through the Governor thereof to the Secretary a comprehensive manpower plan developed pursuant to an agreement entered into under section 6, but no such plan shall be submitted until a public hearing has been held on the plan. The comprehensive manpower plan of a State must—

(1) provide that responsibility for carrying out the plan is placed in the Governor of the State;

(2) provide for as varied and extensive manpower programs (and related activities) and work experience programs as is consistent with the needs and resources of the State and with the amount of Federal assistance being provided;

(3) set forth the method of administration and the organizational structure to be used in carrying out the plan;

(4) meet the guidelines and standards prescribed by the Secretary under section 6;

(5) provide for coordination of the programs carried on by the State with those carried on by any metropolitan area any part of which lies within the State;

(6) take into consideration manpower programs carried on under title I of the Demonstration Cities and Metropolitan Development Act of 1966, the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, or any other Federal or State law;

(7) set forth such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State or metropolitan area (including any such funds paid by either of them to any other public or private agency) under this Act; and

(8) provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out his functions under this Act, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

(b) The comprehensive manpower training plan of a State may include any (or all) of the following types of programs, services, or activities:

(1) A program for testing, counseling, and selecting for occupational training those unemployed or underemployed persons who cannot reasonably be expected to secure appropriate full-time employment without training.

(2) A special program for the testing, counseling, selection, and referral of youths for occupational training and further schooling, who because of inadequate educational background and work preparation are unable to qualify for and obtain employment without such training and schooling.

(3) A special program of testing, counseling, selection, and referral of persons forty-five years of age or older for occupational training and further schooling designed to meet the special problems faced by such persons in the labor market.

(4) Programs of training for persons who, though employed, are in need of additional skills.

(5) Programs for the attainment of basic education and communications and employment skills, by those eligible persons who indicate their intention to and will thereby be able to pursue, subsequently or concurrently, courses of occupational training of a type for which there appears to be a reasonable expectation of employment, or who have completed or do not need occupational training but do require such other preparation to render them employable.

(6) Programs to provide appropriate physical examinations, medical treatment, and prostheses for persons selected or otherwise eligible to be selected for training under this Act.

(7) Experimental programs for part-time training of persons, including employed persons, to meet critical skill shortages.

(8) Programs for on-the-job training needed to equip persons selected for training with the appropriate skills, and giving special consideration to on-the-job training programs which devote systematic effort to providing new opportunities for advancement through more systematic development of career ladders.

(9) Programs to provide part-time employment and useful work experience for students from low-income families who are in the ninth through twelfth grades of school (or are of an age equivalent to that of students in such grades) and who are in need of the earnings to permit them to resume or maintain attendance in school.

(10) Programs to provide unemployed, underemployed, or low-income persons (aged sixteen and over) with useful work and training (which must include sufficient basic education and institutional or on-the-job training) designed to assist those persons to develop their maximum occupational potential and to obtain regular competitive employment.

(11) Special programs which involve work activities directed to the needs of those chronically unemployed or underemployed poor who have poor employment prospects and are unable, because of age, lack of employment opportunity, or otherwise, to secure appropriate employment or training assistance under other programs, and which, in addition to other services provided, will enable such persons to participate in projects for the betterment or beautification of the community or area served by the program, including without limitation activities which will contribute to the management, conservation, or development of natural resources, recreational areas, Federal, State, and local government parks, highways, and other lands.

(12) Special programs which provided unemployed, underemployed, or low-income persons with jobs leading to career opportunities, including new types of careers, in programs designed to improve the physical, social, economic, or cultural condition of the community or area served in fields including without limitation health, education, welfare, neighborhood redevelopment, and public safety, which provide maximum prospects for advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of providing job ladder opportunities, and which provide opportunities for further occupational training to facilitate career advancement.

(13) Special programs which concentrate work and training resources in urban and rural areas having large concentrations or proportions of low-income, unemployed persons, and within those rural areas having substantial outmigration to urban areas, which are appropriately focused to assure that work and training opportunities are extended to the most severely disadvantaged persons who can reasonably be expected to benefit from such opportunities, and which are supported by specific commitments of cooperation from private and public employers.

(14) Special programs for referring persons who have finished training to employment opportunities in urban and suburban areas outside their own neighborhoods.

(15) Programs for needy persons who require work experience or special family and supportive services, as well as training, in order that they may be assisted to secure and hold regular employment in a competitive labor market.

(16) Supportive and follow-up services to supplement work and training programs under this or other Acts including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in work and training programs and in employment.

(17) Employment centers and mobile employment service units to provide recruitment, counseling, and placement services, conveniently located in urban neighborhoods and rural areas and easily accessible to the most disadvantaged.

(18) Programs of the type described in section 12(a), with particular emphasis on programs involving intrastate and local employers.

(19) Programs to establish and operate, in cooperation with the State education and other appropriate State agencies, skills centers to provide basic education, employability, and communications skills, prevocational training, vocational and technical programs, and supplementary or related instruction for on-the-job training whether conducted at the jobsite or elsewhere.

(20) Programs to make relocation payments to allow unemployed persons to relocate themselves and their families in localities affording employment opportunities.

(21) Programs to provide guidance, counseling, testing, and job referral services to unemployed and underemployed persons.

(22) Programs to evaluate the effectiveness of other programs carried on under the plan.

(23) Programs to equip migrant and seasonal farmworkers through education and training to meet the changing demands in agricultural employment and to take advantage of opportunities for regular or permanent employment.

(24) Programs under which a cooperative working relationship is developed between education and training institutions and private employers.

APPROVAL OF PLANS

SEC. 8. The Secretary shall not approve any comprehensive manpower plan of a State which fails to meet the requirements of this Act and the standards and guidelines prescribed by him under section 6. The Secretary shall not approve the comprehensive manpower plan of a State until the Secretary of Health, Education, and Welfare has given his approval of those aspects of the plan relating to institutional training, including the operation of skills centers. Any political subdivision dissatisfied with the comprehensive manpower plan submitted by the State shall have the right to appeal to the Secretary. The Secretary shall not approve such a plan until he has afforded each such political subdivision an opportunity for a hearing on its appeal.

ADMINISTRATION OF PLANS

SEC. 9. Whenever the Secretary, after reasonable notice and opportunity for a hearing to the appropriate official of the State which submitted a plan, finds

(1) that the plan has been so changed that it no longer complies with the requirements of this Act or of the standards and guidelines prescribed under section 6; or

(2) that in the administration of the plan there is a failure to comply substantially with any such requirement;

the Secretary shall notify such official that no further payments will be made with respect to such plan (or, in his discretion, further payments with respect thereto will be limited to portions thereof not affected by such failure); until he is satisfied that there will no longer be any failure to comply. Until he is so satisfied, the Secretary shall make no further payments with respect to such plan (or shall limit payments to portions thereof not affected by such failure).

DIRECT FUNDING BY SECRETARY

SEC. 10. Where a State fails to submit a comprehensive manpower plan to the Secretary within a reasonable time, or the Secretary disapproves such a plan or discontinues payments with respect to such a plan under the authority of section 9, he and the Secretary of Health, Education, and Welfare shall jointly formulate and carry out a comprehensive manpower plan in such State. Such a program shall meet the requirements of this Act applicable to plans submitted by States, except that where the Secretary has discontinued payments with respect to a portion of a plan under section 9 the program which they carry out directly shall be similar in character to the portion of the plan with respect to which payments were discontinued. In carrying out this section where a State has failed to submit a plan or the Secretary has disapproved it, the State's allotment may be utilized. In carrying out this section where the Secretary has discontinued payments, the sums withheld may be utilized.

INCENTIVE GRANTS

SEC. 11. (a) In order to encourage States to expand and improve the programs, services, and activities provided under their comprehensive manpower plans, the Secretary may make incentive grants to States. An incentive grant may be made to any State which the Secretary finds has developed a comprehensive manpower plan which shows resourcefulness and imagination in making effective use of the manpower resources of the State and is carrying out such plan in a highly effective and efficient manner. An incentive grant may also be made to any State which makes expenditures from non-Federal sources in carrying out its comprehensive manpower plan. Such a grant may not exceed 75 per centum of the amount so expended. At the time he makes an incentive grant the Secretary shall make public a statement detailing the reasons he has made the finding required by this section. Incentive grants made to a State shall be used by it to supplement the funds paid to the State to carry out its comprehensive manpower program.

(b) There is authorized to be appropriated for making grants under this section the sum of $100,000,000 for the fiscal year 1972, $115,000,000 for the fiscal year 1973, $125,000,000 for the fiscal year 1974, and $150,000,000 for the fiscal year 1975. For each fiscal year thereafter only such sums may be appropriated as the Congress may hereafter authorize by law.

DIRECT GRANTS

SEC. 12. (a) The Secretary may utilize the sums reserved under section 4, either directly or through grants to or contracts with public and private agencies and organizations (including States and metropolitan areas), for the following types of programs, services, and activities:

(1) programs which, though eligible for inclusion in a comprehensive manpower plan can be effectively carried out only on a national or multistate basis;

(2) programs, services, and activities carried on under title I of the Manpower Development and Training Act of 1962: *Provided*, That special emphasis shall be placed on carrying out research projects showing promise of finding solutions to problems arising in carrying out this Act;

(3) programs, services, and activities which, though not included in a comprehensive manpower plan, will supplement such plans and meet needs which are uniquely national, interstate, or regional in character;

(4) programs to provide incentives to private employers, other than nonprofit organizations, to train or employ unemployed or low-income persons, including arrangements by direct contract, reimbursements to employers for a limited period when an employee might not be fully productive, payment for on-the-job counseling and other supportive services, payment of all or part of employer services, payment of all or part of employer costs of sending recruiters into urban and rural areas of high concentrations or proportions of unemployed or low-income persons, and payments to permit employers to provide employees resident in such areas with transportation to and from work or to reimburse such employees for such transportation;

(5) Programs, services, and activities supplementary to activities carried on under a comprehensive city demonstration program approved under title I of the Demonstration Cities and Metropolitan Development Act of 1966;

(6) educationally oriented projects (with the approval of the Secretary of Health, Education, and Welfare) where the Secretary of Health, Education, and Welfare finds that, in a manpower context, the educational community is significantly modifying its methods, or procedures, or is developing effective linkages with industry, labor organizations, and other groups or organizations; and

(7) experimental and demonstration programs of training and education for persons who are in correctional institutions and are in need thereof to obtain employment upon release.

(b) In carrying out this section the Secretary shall give special emphasis to programs meeting the needs of low-income persons who are chronically unemployed.

FUNCTIONS OF THE SECRETARY

Sec. 13. (a) In carrying out this Act, the Secretary is authorized and directed to use his authority under the Act of June 6, 1933 (the "Wagner-Peyser Act"), with a view to insuring that the activities of the United States Employment Service and of the systems of State employment offices are coordinated with activities carried on under this Act.

(b) The Secretary shall carry out research programs and demonstration and evaluation programs designed to assist States and metropolitan areas to make their programs more effective.

(c) The Secretary shall carry on a program for the continuing evaluation of the effectiveness of programs, services, and activities provided under this Act. In carrying out this subsection, the Secretary shall make maximum use of the data systems of States.

(d) The Secretary is authorized to make grants to States to assist them in preparing their comprehensive manpower plans, but the amount of such grant shall not exceed 90 per centum of the cost of such preparation.

(e) The Secretary shall make technical assistance available on a continuing basis to assist States in developing and carrying out their comprehensive manpower plans.

(f) In carrying out the responsibilities under this Act, the Secretary shall provide, directly or through grants, contracts, or other arrangements, training for specialized or other personnel and technical assistance which is needed in connection with the programs established under this Act or which otherwise pertains to the purposes of this Act. Upon request, the Secretary may make special assignments of personnel to public or private agencies, institutions, or employers to carry out the purposes of this section; but no special assignments shall be for a period of more than two years.

(g) There is authorized to be appropriated such sums as may be necessary to enable the Secretary to carry out his functions under this section and the functions transferred to him by section 18 for the fiscal year 1970, and each of the three succeeding fiscal years.

DEFINITIONS

Sec. 14. For purposes of this Act—

(1) The term "Secretary" means the Secretary of Labor.

(2) The term "State" includes the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands.

ADVANCE FUNDING

Sec. 15. To the end of affording the responsible State, local, and Federal officers concerned adequate notice of available Federal financial assistance for programs, services, and activities provided for under this Act, appropriations for grants, contracts, or other payments under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. In order to effect a transition to this method of timing appropriation action, the preceding sentence shall apply notwithstanding that its initial application under any such Act will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

MAINTENANCE OF EFFORT

Sec. 16. No comprehensive manpower plan shall be approved under this Act unless the Secretary satisfies himself that the State has not reduced or is not reducing its own level of expenditures for programs of the type included under the plan, or expenditures for vocational education.

OTHER AGENCIES AND DEPARTMENTS

Sec. 17. (a) The Secretary and the Secretary of Health, Education, and Welfare shall enter into arrangements under which the Secretary of Health, Education, and Welfare will supervise and evaluate all instructional training provided under this Act so as to protect the United States against loss and to assure that the training provided is of high educational quality.

(b) In the performance of his functions under this Act the Secretary, in order to afford unnecessary expense and duplication of functions among Government agencies, shall use the available services or facilities of other agencies and instrumentalities of the Federal Government. Each department, agency, or establishment of the United States shall cooperate with the Secretary and, to the extent permitted by law, provide such services and facilities as he may request for his assistance in the performance of his functions under this Act.

ANNUAL REPORT

Sec. 18. Not later than one hundred and twenty days after the close of each fiscal year, the Secretary and the Secretary of Health, Education, and Welfare shall prepare and submit to the President for transmittal to the Congress a full and complete report on activities carried on under this Act during such year.

TRANSFER OF JOB CORPS

Sec. 19. (a) All functions of the Director under part A of title I of the Economic Opportunity Act of 1964 are, effective July 1, 1969, transferred to the Secretary of Labor.

(b) So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, held, used, available, or to be made available, in connection with the functions transferred by subsection (a) of this section as the Director of the Bureau of the Budget shall determine shall be transferred to the Department of Labor on July 1, 1969.

(c) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem necessary in order to effectuate the transfer provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

REPEALS

Sec. 20. Titles II, III, and V of the Manpower Development and Training Act of 1962, and part B of title I and title V of the Economic Opportunity Act of 1964 are repealed, effective July 1, 1970.

EFFECTIVE DATE

Sec. 21. For purposes of planning and preparing for carrying out programs under this Act, including the preparation and approval of comprehensive manpower plans, this Act shall be effective immediately, but for purposes of making grants under sections 4 and 13, this Act shall become effective July 1, 1970, except that the repeals provided for under section 20 shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into prior to July 1, 1970.

EXTENSION OF ECONOMIC OPPORTUNITY ACT PROVISIONS

Sec. 22. Section 161 of the Economic Opportunity Act is amended by inserting before the period at the end of the first sentence the following: ", except that he shall carry out part B until June 30, 1971". Section 504 of such Act is amended by striking out "three" and inserting "four".

ADDITIONAL MATERIAL TO BE INCLUDED IN MANPOWER REPORT

Sec. 23. Section 107 of the Manpower Development and Training Act of 1962 is amended by adding at the end thereof the following new sentence: "The President's report shall also include appropriate information with respect to educational programs which relate to the purposes of the Comprehensive Manpower Act.".

[H.R. 11620, 91st Cong., first sess.]

A BILL To assure an opportunity for employment to every American seeking work and to make available the education and training needed by any persons to qualify for employment consistent with his highest potential and capability and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Manpower Act."

STATEMENT OF PURPOSES

SEC. 2. The Congress finds and declares that——

(a) To attain the objective of the Employment Act of 1946 "to promote maximum employment, production and purchasing power" we must assure an opportunity for a gainful, productive job to every American who is seeking work and make available the education and training needed by any person to qualify for employment consistent with his highest potential and capability.

(b) It is within the capability of the United States to provide every American who is able and willing to work, full opportunity, within the framework of a free society, to prepare himself for an obtain employment at the highest level of productivity, responsibility, and remuneration within the limits of his abilities.

(c) The growth of the Nation's economic prosperity and productive capacity is limited by the lack of sufficient skilled workers to perform the demanding production, service, and supervisory tasks necessary to the full realization of economic abundance for all in an increasingly technical society, while, at the same time, there are many workers who are working below their capacity and who with appropriate education and training could capably perform jobs requiring a higher degree of skill, judgment, and attention.

(d) The human satisfaction and sense of purpose so important to employment cannot be fulfilled unless employees have a reasonable opportunity to advance in employment to positions of greater responsibility, status, and remuneration.

(e) The placement of unemployed or underemployed workers in private employment is hampered by the absence of a sufficient number of appropriate entry level employment opportunities to satisfy the need therefor and that the preparation of workers now occupying such places for, and their employment in, more responsible positions would increase the number of appropriate entry level employment opportunities.

(f) It is in the interest of workers, employers, and of the Nation to promote the filling of skill requirements in industry and to provide for the upward mobility of industrial workers by a program that will enable employers to educate and train their employees for positions of greater responsibility, to provide opportunities for advancement to industrial workers, and to create employment opportunities for the unemployed.

(g) The guarantee of meaningful employment opportunities for all Americans requires public investment to the extent the private sector is unable to provide such opportunities.

(h) There are great unfilled public needs in such fields as health, recreation, housing and neighborhood improvement, public safety, maintenance of streets, parks, and other governmental facilities, rural development, transportation, beautification, conservation, and other fields of human betterment and public improvement and that to meet these urgent public needs it is necessary to devote greater resources to public service and to expand public service employment.

(i) The organization and delivery of manpower training services is increasingly complex, the technological nature of the services is expanding and the trained staff to provide such servicess is scarce, thus requiring an intensive program of technical assistance and staff training to public and private agencies providing manpower services, and

(j) The economic prosperity of the United States and the well-being and happiness of its citizens would be enhanced by the establishment of a comprehensive manpower policy and program designed to assure every American an opportunity for gainful productive employment and to provide the education and training needed by any person to qualify for employment consistent with its highest potential and capability.

TITLE I—MANPOWER SERVICES PROGRAM

GENERAL RESPONSIBILITIES

SEC. 101. (a) The Secretary of Labor (hereinafter referred to as the Secretary) shall develop and carry out a program of comprehensive manpower services under this title that will——

(1) provide for the prompt referral of all those persons who are qualified and are seeking work to suitable employment opportunities;

(2) guarantee training and related manpower services to all other persons who are unemployed, in danger of becoming unemployed, employed in public service jobs authorized in title III, or employed in low-paying jobs

who could through further training qualify for job opportunities that would provide an adequate standard of living for themselves and their families;

(3) provide appropriate training and related manpower services for persons in correctional institutions to assist them in obtaining suitable employment upon release;

(4) provide appropriate training and related manpower services for persons who have recently been or will shortly be separated from military service;

(5) develop an early warning system and standby capability that will assure a timely and adequate response to major economic dislocations arising from changing markets, rapid technological change, plant shutdowns, or business failure;

(6) promote and encourage the adoption of employment practices by public agencies, nonprofit agencies, labor organizations, and private firms that will remove unreasonable barriers to employment, without reducing productivity, and expand opportunities for upward mobility;

(7) reduce the level of youth unemployment by improving the linkages between educational institutions and job markets; and

(8) support and encourage the development of broad and diversified training programs by public, nonprofit and private employers designed to improve the skills and thereby the promotion and employment opportunities of employed workers.

(b) The Secretary shall be responsible for the coordination of the activities of other Federal agencies that may contribute to the accomplishment of the purposes of this Act, for promoting the maximum possible coordination of State and local public agencies and private agencies and for recommending to the President and to the Congress combinations of programs or shifts in responsibility that facilitate the achievement of the purposes of this Act.

COMPONENTS OF MANPOWER SERVICES PROGRAMS

SEC. 102. (a) In meeting the responsibilities imposed on him by section 101, the Secretary shall, to the extent needed in each State and local area, provide a comprehensive manpower services program for all those eligible under this title which shall include but shall not be limited to the following:

(1) Occupational counseling and testing services to the extent needed by each individual.

(2) Basic education as needed to remedy the absence of or obsolescence of earlier schooling.

(3) Outreach to find the discouraged and undermotivated and encourage and assist them to enter employment or programs designed to improve their employability.

(4) Prevocational orientation to introduce those of limited experience to alternative occupational choices.

(5) Short-term work experience with public and non-profit agencies for those unaccustomed to the discipline of work.

(6) Communication and employability skills for those pursuing, subsequently or concurrently, courses of occupational training who require such other preparation to render them employable and for those with sufficient skills for suitable employment who require such preparation to become employable.

(7) Occupational training designed to improve and broaden existing skills or to develop new ones.

(8) On-the-job training provided by public, nonprofit and private employers.

(9) Part-time training for employed persons where such training would lead to improved employment opportunities.

(10) Programs to provide part-time employment, on-the-job training, or useful work experience for students from low-income families who are in the ninth through twelfth grades of school (or are of an age equivalent to that of students in such grades) and who are in need of the earnings to permit them to resume or maintain attendance in school.

(11) Special programs for jobs leading to career opportunities including new types of careers, in programs designed to improve the physical, social, economic, or cultural conditions of the community or area served in fields including but not limited to health, education, welfare, neighborhood redevelopment, and public safety, which provide maximum prospects for advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of pro-

viding job ladder opportunities, and which provide opportunities for further occupationoal training to facilitate career advancement.

(12) Programs to provide incentives to private employers, nonprofit organizations, and public employers to train or employ unemployed or low-income persons, including arrangements by direct contract, for reimbursement to employers for the cost of recruiting and training such employees to the extent that such costs exceed those customarily incurred by such employer in recruiting and training new hires, payment for on-the-job counseling and other supportive services, including transportation, and payments for other extra costs including supervisory training required by the program.

(13) Skill training centers wherever a consolidation of occupational training and related manpower services would promote efficiency and provide improved services.

(14) Supportive and followup services to supplement work and training programs under this and other Acts, including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in work and training programs.

(15) Employment centers and mobile employment service units to provide recruitment, counseling, and placement services, conveniently located in urban neighborhoods and rural areas and easily accessible to the most disadvantaged.

(16) Special job development efforts to solicit job opportunities suited to the abilities of the disadvantaged job seeker and to facilitate the placement of individuals after training.

(17) Job coaching for a limited period to assist the employer and the worker to insure job retention.

(18) Relocation payments and other special services as needed to assist unemployed individuals and their families to relocate from a labor surplus area to another area with expanding employment opportunities where a suitable job has been located. Preference for such assistance shall be provided those who have been provided training before relocation or have been accepted for on-the-job and other types of employer-directed training.

(b) Where appropriate, the services authorized by this section may be provided, in whole or in part, through residential programs.

MANNER OF PROVIDING SERVICES; ALLOWANCES

SEC. 103. (a) The Secretary shall carry out section 102 either directly or through contracts with public or private agencies and organizations. Section 3709 of the Revised Statutes of the United States (41 U.S.C. 5) shall not apply to such contracts.

(b) The Secretary, in the case of programs he carries out directly, and contracts entered into under subsection (a), may where appropriate provide for the payment of weekly allowances to individuals receiving services under section 102. Such allowances shall be at a rate prescribed by the Secretary which when added to amounts received by the trainee in the form of public assistance or unemployment compensation payments shall approximate the minimum wage for a workweek of forty hours under section 6(a)(1) of the Fair Labor Standards Act of 1938 or, if higher, under the applicable State minimum wage law, or where the trainee is being trained for particular employment, at a rate equal to 80 per centum of the weekly wage for such employment, whichever is greater. In prescribing allowances, the Secretary may allow additional sums for special circumstances such as exceptional expenses incurred by trainees including but not limited to meal and travel allowances or he may reduce such allowances by an amount reflecting the fair value of meals, lodging, or other necessaries furnished to the trainee. The Secretary shall take such action as may be necessary to insure that such persons receive no allowances with respect to periods during which they are failing to participate in such programs, training, or instruction as prescribed herein without good cause. Notwithstanding the preceding provisions of this subsection, the Secretary may, in the case of programs carried on outside the continental United States, make appropriate adjustments in allowances which would otherwise be payable under this Act to reflect the special economic circumstances which exist in the area in which the program is to be carried on. Allowances shall not be paid for any course of training having a duration in excess of one hundred and four weeks.

(c) For purposes of subchapter I of chapter 81 of title 5, United States Code, persons receiving services under section 102 shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply, except that in computing compensation benefits for disability or death, the monthly pay of such a person shall be deemed to be his allowance for a month, if he is receiving one, but in no event shall the monthly pay be deemed to be less than the minimum wage for four workweeks of forty hours each under section 6(a)(1) of the Fair Labor Standards Act of 1938, or, if higher, under the applicable State minimum wage law.

(d)(1) No allowance shall be paid to any person for any period for which a money payment has been made with respect to the need of that person under a State plan which has been approved under title I, IV, X, XIV, or XVI of the Social Security Act and which meets the requirements of the first sentence of paragraph (2) of this subsection. The Secretary is authorized to pay to any such person (A) such sums as the Secretary determines to be necessary to defray expenses of that person which are attributable to receipt of services pursuant to the provisions of this Act, and (B) an incentive payment of not more than the difference between such money payment and the amount of the allowance to which such person would have otherwise been entitled.

(2) Notwithstanding the provisions of titles I, IV, X, XIV, and XVI of the Social Security Act, a State plan approved under any such title shall provide that no payment made to any person pursuant to paragraph (1) of this subsection shall be regarded (A) as income or resources of that person in determining his need under such approved State plan or (B) as income or resources of any other person in determining the need of that other person under such approved State plan. No funds to which a State is otherwise entitled under title I, IV, X, XIV, or XVI of the Social Security Act for any period before the first month beginning after the adjournment of the State's first regular legislative session which adjourns more than sixty days after the enactment of this subsection shall be withheld by reason of any action taken pursuant to a State statute which prevents such State from complying with the requirements of this paragraph.

CRITERIA FOR SELECTION OF MODE OF OPERATION

SEC. 104. (a) In exercising his authority under section 103, the Secretary shall select that mode of operation which, in his judgment, will—

(1) enable him to achieve the objectives of this Act most economically or efficiently, or, where services are urgently needed, to provide such services most quickly and effectively;

(2) assure that these services will be provided without discrimination on the basis of race, creed, sex, age, or national origin;

(3) enable persons seeking manpower services to be served by the smallest number of suppliers of such services, and most conveniently for the individual being served; and

(4) assure that services provided each individual will be tailored to meet his individual needs and capacities.

(b) In carrying out a program of the type described in paragraph (8) of section 102(a) the Secretary shall make such arrangements as he deems necessary to insure adherence to appropriate training standards, including assurances—

(1) that the training content of the program is adequate, involves reasonable progression, and will result in the qualification of trainees for suitable employment;

(2) that the training period is reasonable and consistent with periods customarily required for comparable training;

(3) that adequate and safe facilities, and adequate personnel and records of attendance and progress are provided; and

(4) that the trainees are compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations hereinafter authorized, considering such factors as prevailing industry practices and trainee proficiency.

TITLE II—OCCUPATIONAL TRAINING IN INDUSTRY

CONTRACTS FOR UPGRADING PROGRAMS

SEC. 201. The Secretary is authorized and directed to enter into contracts with private or public employers under the terms of which the employer undertakes to provide the necessary education and skill training to prepare employees for positions of greater skill, responsibility, and remuneration in the employ of such employer.

REQUIREMENTS FOR CONTRACTS

SEC. 202. Any such contract must contain assurances satisfactory to the Secretary that:

(a) the positions for which employees will be trained are positions that cannot with reasonable effort be filled by the employer with unemployed or underemployed workers already possessing such skills and willing to accept such employment;

(b) the selection of trainees shall be based upon merit, ability, and length of service, and that no person shall be selected as a trainee until such person has been in the employ of the employer for a period of not less than six months;

(c) the training content of the program is adequate, involves reasonable progression, and will result in the qualification of trainees for suitable employment in a recognized skill or occupation in the service of that employer and of other employers in the same industry;

(d) the training period is reasonable and consistent with periods customarily required for comparable training;

(e) adequate and safe facilities; and adequate personnel and records of attendance and progress are provided;

(f) successful completion of the employee's training program can reasonably be expected to result in an offer of employment in the employer's own enterprise in the occupation for which he will be trained at wage rates not less than those prevailing for the same or similar occupations in that industry;

(g) the training and placement of such employees is part of a program that can reasonably be expected to lead directly to the employment of an equivalent number of new employees in entry level employment; and

(h) the trainees are compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations hereinafter authorized, considering such factors as industry practice and trainee proficiency, and that in no event shall the wages or employment benefits of any trainee be less than those received by him immediately before his starting such training program.

PAYMENTS TO EMPLOYERS

SEC. 203. Such contracts shall provide for payment to the employer undertaking a training program under this title in an amount equal to——

(a) ninety per centum of the instructional expense, other ordinary and necessary training costs, and trainee wage payments for the time spent in training less the value of productive services rendered by such trainee, plus

(b) a bonus payment to reward the efforts of employers whose programs under this title have resulted in substantial upgrading and high retention, to be computed as follows:

(1) at the end of the first twelve months following the completion of a program authorized under this title, twenty per centum of the sum arrived at by multiplying the number of employees upgraded under such program by the average increase in annual earnings of these upgraded employees; and

(2) at the end of the second twelve months following the completion of a program authorized under this title, ten per centum of the sum arrived at by multiplying the number of employees upgraded under such program by the average increase in annual earnings of these upgraded employees.

MANPOWER UTILIZATION STUDIES

SEC. 204. The Secretary is authorized to provide financial support for studies of the utilization of manpower and of job design by any employer or group of employers in industries where there are a large number of unskilled employees, with a view to redesigning and rearranging the work patterns involved in the jobs, so that career ladders may be created where they do not exist, or are clearly inadequate.

TITLE III—PUBLIC SERVICE EMPLOYMENT

CONTRACTS FOR PUBLIC SERVICE EMPLOYMENT

SEC. 301. The Secretary may contract with any Federal, State, or local governmental agency, or with any private nonprofit organization, to provide useful public service employment to unemployed persons.

REQUIREMENTS FOR CONTRACTS

SEC. 302. Each contract entered into under section 301 shall provide that—

(a) all persons employed thereunder, other than necessary technical, supervisory, and administrative personnel, will be selected from among eligible unemployed persons;

(b) to the maximum extent possible, technical, supervisory, and administrative personnel shall be recruited from among eligible unemployed persons;

(c) persons employed under such contracts will be paid at rates comparable to the rates of pay prevailing in the same labor market area for persons employed in similar occupations, but in no event shall any person employed under such contract be paid at a rate less than that prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended; and

(d) all persons employed under such contracts will be assured of workman's compensation, retirement, health insurance, unemployment insurance, and other benefits at the same levels and to the same extent as other employees of the contractor, and to working conditions no less favorable than such other employees enjoy.

INFORMATION FOR EMPLOYEES

SEC. 303. Every person employed under contract under section 301 shall be advised, prior to entering upon employment, of his rights and benefits in connection with such employment.

ENTITLEMENT TO EMPLOYEE BENEFITS AND PROTECTION

SEC. 304. No contract shall be entered into under section 301 with a contractor who is, or whose employees are, under State law, exempted from the operation of the State workmen's compensation or unemployment compensation laws, generally applicable to employees, unless the contractor shall undertake to provide either through insurance by a recognized carrier, or by self-insurance, as allowed by State law, that the persons employed under the contract, shall enjoy workmen's compensation and unemployment compensation coverage equal to that provided by law for covered employment.

MAINTENANCE OF EFFORT

SEC. 305. (a) No contract shall be entered into under section 301 unless the Secretary determines that the execution of the contract will result in an increase in employment opportunities over those which would otherwise be available and that it will not result in a reduction in the employment and labor costs of the contractor or the displacement of persons currently employed, including partial displacement resulting from a reduction in hours of work or wages or employment benefits.

(b) Where a labor organization represents employees who are engaged in similar work to that performed under the contract in the same labor market area, such organization shall be notified by the Secretary prior to the awarding of the contract.

SAFE AND HEALTHFUL WORKING CONDITIONS

SEC. 306. All contractors under section 301 shall provide their employees with safe and healthful working conditions.

EVALUATION OF CONTRACT PROPOSALS

SEC. 307. In evaluating contract proposals received under this title, the Secretary shall consider the cost to the Government in relation to—

(a) the number of eligible unemployed persons who will be provided with suitable employment under the contract;

(b) the need of the community for the services to be provided under the contract;

(c) the nature and extent of unemployment in the community in which the contract is to be performed;

(d) the extent to which employment under the contract will prepare eligible unemployed persons for regular private or public employment or for other programs conducted pursuant to this Act;

(e) the degree to which effective linkages to other programs under this Act are provided so that enrollees are able to secure needed training and other services necessary to prepare them for regular private or public employment; and

(f) the extent to which effective systems have been developed to provide priority to enrollees for entry into occupational training or directly controlled employer training programs designed to lead to regular employement.

PREFERENCE

SEC. 308. (a) Preference shall be given to any prospective contractor who is operating an upgrading program authorized in title II and is prepared to assure maximum opportunity for enrollees to qualify for the entry level positions that become available as a consequence of the upgrading program.

(b) Preference shall also be given to prospective contractors in accordance with the proportion of the total cost they are prepared to assume.

OBLIGATIONS OF THE SECRETARY TO ENROLLEES

SEC. 309. The Secretary shall on behalf of the enrollees be responsible for——

(a) assuring that every reasonable opportunity to find suitable regular employment or to enter a program authorized by title I has been explored before the individual is certified for public service employment; and

(b) maintaining a continuing review of the status of each enrollee to assure that he is receiving consideration for referral to suitable regular employment or to programs authorized by title I.

DEFINITIONS

SEC. 310. For the purposes of this title——

(a) The term "eligible unemployed person" means any individual aged eighteen to sixty-five, inclusive, who has demonstrated that he is able and willing to work and (A) has been unemployed for five or more weeks, or (B) is employed on a part-time basis, though able and willing to accept full-time employment.

(b) The term "part-time basis" means less than thirty-five hours a week for a continuous period of ten weeks or more.

(c) The term "private nonprofit organization" means any nonprofit educational institution, or any private nonprofit hospital, or any private nonprofit organization certified by the Secretary to be engaged in appropriate public service activities in the community or area to be served.

TITLE IV—EVALUATION; TECHNICAL ASSISTANCE; STAFF DEVELOPMENT

STAFF DEVELOPMENT

SEC. 401. (a) In carrying out his duties under this Act, the Secretary shall:

(1) Survey, at regular intervals, the various training programs and opportunities available to or utilized by staff of manpower service programs, including both managerial and technical staff.

(2) Analyze the manpower programs, operating or planned, including the conceptual basis, the operating structure, and the clientele to be served, in order to determine current and future staff training requirements thus correcting or avoiding deficiencies in staff performance and enhancing the impact of programs.

(3) Plan for and provide directly or by contract an integrated system of short term and intermittent staff training and instruction in managerial and technical matters relating to the conduct of manpower training programs and services, including but not limited to on-the-job training, the establishment and maintenance of fellowships and traineeships, exchange programs, and such other devices as are deemed necessary or appropriate. The staff training system thus established shall be aimed at and include manpower training and service staff at Federal, State, and local levels funded directly or indirectly by this Act and special attention shall be given to the utilization of this staff training system in a manner which will increase the number and effectiveness of previously disadvantaged persons serving in career staff capacities. Training under this section shall provide for such stipends and allowances (including travel and subsistence allowances) as may be deemed necessary, except that no such training or instruction (or fellowship or scholarship) shall be provided for any one course of study for a period in excess of four years.

TECHNICAL ASSISTANCE

SEC. 402. The Secretary shall——

(a) Plan for, establish, and maintain, directly and through contracts, a program of technical assistance to public and private agencies, institutions, and employers in order to assist such organizations in operating programs more effectively and providing services under this Act, in the most effective and efficient manner possible.

(b) Provide for, directly and through contract, the development and distribution of technical manuals and guides in order to assure the early dissemination of information concerning advanced or improved techniques related to manpower services and their delivery. Such information shall include techniques developed both as a result of this Act and through other resources.

(c) Make, upon appropriate request, the special assignment of personnel to public or private agencies and employers to provide technical guidance with regard to programs funded under this Act; but no such assignments shall be for a period of more than two year.

(d) Without regard to the civil service laws or the classification provisions of title 5, United States Code, employ highly specialized or qualified personnel from public or private agencies and institutions, and assign them to units of the Department engaged in work under this section, for purposes of technical guidance or assistance. Such special assignments shall be limited to five per year and shall not exceed nine months in any two years for any individual and such persons shall not hold, or exercise the authority of, any policy or supervisory position. The Secretary may arrange for payments for subsistence, travel, and wage or salaries for individuals thus assigned: *Provided*, That such wage or salary payments shall not exceed the wage or salary that said individuals would otherwise receive had the assignment not been made.

EVALUATION

SEC. 403. The Secretary shall——

(a) Provide for the systematic evaluation of the management and impact of manpower programs and services provided under this Act. Such evaluation may be conducted directly or by contract and shall include the comprehensive analysis of programs and analyses of particular program or service components, cost effectiveness, and impact upon and receptivity of the trainee and the community.

(b) Compile the findings of such evaluations, with the recommendations for corrective action and a list of such actions as are implemented. This compilation, together with such supportive documents as may be required, shall be submitted by him to Congress annually by April 1.

(c) Allocate 1 per centum of the sums appropriated in any fiscal year to carry out titles I, II, and III for the purposes of this section.

TITLE V—MANPOWER RESEARCH AND DEVELOPMENT

SEC. 501. For the purspose of achieving the objectives set forth in this Act, the Secretary shall——

(a) Conduct (directly, or through grants or contracts) permanent and ongoing programs of research and evaluation of——

(1) the impact, benefits and problems created by technological progress and other changes in the structure of production and demand on the use of the Nation's human resources;

(2) practices of employers and labor organizations which tend to impede or facilitate the vertical, lateral, or geographical mobility of workers; and

(3) the adequacy of the Nation's public and private manpower development efforts, not limited to those carried on under this Act, to meet foreseeable manpower needs.

(b) Establish a program of experimental, developmental, demonstration, and pilot projects, directly, or through grants or contracts, for the purpose of improving the techniques and demonstrating the effectiveness of specialized methods of achieving the objectives of this Act. In carrying out such programs, the Secretary may, where appropriate consult with other agencies of the United States Government.

SEC. 502. The Secretary, serving as the President's principal adviser on manpower, shall report to the President on the manpower implications of the Federal budget, and shall make recommendations to the President in regard to the budget and to manpower programs generally.

SEC. 503. In carrying out the responsibilities under this Act, the Secretary shall provide, directly or through grants, contracts, or other arrangements, training for specialized or other personnel and technical assistance which is needed in connection with the pograms established under this Act or which otherwise pertains to the purposes of this Act. Upon request, the Secretary may make special assignments of personnel to public or private agencies, institutions, or the Vocational Rehabilitation Act, the Demonstration Cities, and Metropolitan Development Act of 1966, and other relevant Federal statutes.

LABOR MARKET INFORMATION AND JOB MATCHING PROGRAM

SEC. 504. (a) The Secretary shall develop a comprehensive system of labor market information on a National, State, local, or other appropriate basis, including but not limited to information regarding——

(1) The nature and extent of impediments to the maximum development of individual employment potential including the number and characteristics of all persons requiring manpower services.

(2) Job opportunities and skill requirements.

(3) Labor supply in various skills.

(4) Occupational outlook and employment trends in various occupations, and

(5) In cooperation and after consultation with the Secretary of Commerce, economic and business development and location trends. Information collected under this subsection shall be developed and made available in a timely fashion in order to meet in a comprehensive manner the needs of public and private users, including the need for such information in recruitment, counseling, education, training, placement, job development, and other appropriate activities under this Act and under the Economic Opportunity Act of 1964, the Social Security Act, the Public Works and Economic Development Act of 1965 the Wagner-Peyser Act, the Vocational Education Act of 1963, the Vocational Rehabilitation Act, the Demonstration Cities and Metropolitan Development Act of 1966, and other relevant Federal statutes.

(b) The Secretary shall develop and publish on a regular basis information on available job opportunities throughout the United States on a National, State, local, or other appropriate basis for use in public and private job placement and related activities and in connection with job matching programs conducted pursuant to this subsection. The Secretary is directed to develop and establish a program for matching the qualifications of unemployed, underemployed, and low-income persons with employer requirements and job opportunities on a National, State, local, or other appropriate basis. Such programs should be designed to provide a quick and direct means of communication among local recruitment, job training and placement agencies and organizations, and between such agencies and organizations on a National, State, local, or other appropriate basis, with a view to the referral and placement of such persons in jobs. In the development of such a program, the Secretary shall make maximum possible use of electronic data processing and telecommunication systems for the storage, retrieval, and communication of job and worker information.

(c) The Secretary is authorized to and shall plan, establish, and operate, directly or through contract, an information service, to make available to agencies, organizations, and other groups and persons concerned with manpower programs and services, information on resources, techniques, and concepts useful in the conduct of training programs covered by this Act. Such information shall include that derived from research, experimental and demonstration programs, and the evaluated experience of Federal, State, and local operations. The information shall be so designed as to be helpful in the establishment and improvement of training programs and related activities covered under titles I, II, and III.

SEC. 505. Not less than 2 per centum of the sums appropriated in any fiscal year to carry out titles, I, II, and III of this Act shall be available only for carrying out the provisions of this title.

SEC. 506. The Secretary shall make such reports to the President as he shall deem appropriate or the President shall require and the President shall submit to the Congress, not later than April 1 of each year (beginning not less than nine months after the effective date of this Act) a report pertaining to manpower requirements, resources, utilization, and training.

TITLE VI—MISCELLANEOUS

AUTHORIZATION OF APPROPRIATIONS

SEC. 601. There is hereby authorized to be appropriated such sums as may be necessary to carry out this Act. Funds appropriated under this Act shall remain available for one fiscal year beyond that for which appropriated.

ADVANCE FUNDING

SEC. 602. To the end of affording responsible Federal, State, and local officials concerned, adequate notice of available Federal financial assistance for programs provided for under this Act, appropriations for carrying out this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. In order to seek a transition to this method of timing appropriation action, the preceding sentence shall apply notwithstanding that its initial application under this Act will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

OTHER AGENCIES AND DEPARTMENTS

SEC. 603. (a) In the performance of his function under this Act, the Secretary, in order to avoid unnecessary expense and duplication of functions among Government agencies shall use the available services or facilities of other agencies and instrumentalities of the Federal Government. Each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary and, to the extent permitted by law, to provide such services and facilities as he may request for his assistance in the performance of his functions under this Act.

(b) The Secretary shall carry out his responsibilities under this Act through the maximum utilization of all possible resources for skill development available in industry, labor, public and private educational and training institutions, State, Federal, and local agencies, and other appropriate public and private organizations and facilities.

PROHIBITION ON RELOCATING ESTABLISHMENTS

SEC. 604. The Secretary shall not use any authority conferred by this Act to assist in relocating establishments from one area to another. Such limitation shall not prohibit assistance to a business entity in the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that assistance will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless he has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original locations or in any other area where it conducts such operations.

LABOR STANDARDS

SEC. 605. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair, including painting and decorating of projects, buildings and works which are federally assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133-133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(c)).

ADVISORY COMMITTEES

SEC. 606. (a) The Secretary shall appoint a National Manpower Advisory Committee which shall consist of ten members and shall be composed of representatives of labor, management, agriculture, education, and training, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(b) For the purpose of making expert assistance available to persons formulating and carrying on programs under this Act, the Secretary shall, where appropriate, require the organization of a community, State, and/or regional basis of labor-management-public advisory committees.

(c) The National Manpower Advisory Committee may accept gifts or bequests, either for carrying out specific programs or for its general activities or for its responsibilities under subsection (b) of this section.

(d) Appointed members of the National Manpower Advisory Committee shall be paid compensation at the rate of $100 per diem when engaged in the work of the National Manpower Advisory Committee, including travel time, and shall be allowed travel expenses and per diem in lieu of subsistence as authorized by law for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed basis.

DEFINITION

Sec. 607. For the purposes of this Act, the term "State" includes the District of Columbia, Puerto Rico, Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

REPEAL OF EXISTING LAWS

Sec. 608. Titles I, II, III, and V of the Manpower Development and Training Act of 1962 and part B of title I of the Economic Opportunity Act are repealed, effective June 30, 1969.

EFFECTIVE DATE; TRANSITION PROVISIONS

Sec. 609. (a) This Act shall take effect July 1, 1969.

(b) Notwithstanding the repeals made by section 608, in order to permit an orderly transition from programs carried out under the provisions of law repealed, to programs carried on under this Act, the Secretary may continue to use the authority provided in such repealed provisions of law for such period of time as may be necessary, but not in excess of two years beyond the effective date of this Act.

[H.R. 13472, 91st Cong., first sess.]

A BILL To establish a comprehensive manpower development program to assist persons in overcoming obstacles to suitable employment, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Manpower Training Act of 1969".

STATEMENT OF FINDINGS AND PURPOSE

Sec. 2. The Congress finds and declares that——

(1) The Nation's prosperity, economic stability, and productive capacity are limited by a lack of workers with sufficient skills to perform the demanding production, service, and supervisory tasks necessary in an increasingly technological society. At the same time, there are many workers who are unemployed or are employed below their capacity who, with additional education and training, could make a greater contribution to the national economy and share more fully in its benefits.

(2) The problem of assuring meaningful employment opportunities will be compounded by the continued rapid growth of the labor force. It is imperative that these new workers, including the many young people who will enter the labor force, be provided with adequate academic and vocational skills which will allow them to work at the level of their full potential.

(3) The placement in private employment of unemployed, underemployed, and low-income workers is hampered by the absence of entry level opportunities.

These opportunities can be augmented by assisting workers now in entry level jobs to improve their skills and advance to more demanding employment.

(4) Expansion of public service employment opportunities for unemployed, underemployed, and low-income persons will allow the Nation to meet more adequately the unfulfilled public needs in such fields as health, recreation, housing and neighborhood improvements, public safety, maintenance of parks, streets, and other public facilities, rural development, transportation, conservation, and other fields of human betterment and public improvement.

(5) The public and private educational system has the major responsibility to provide the academic, technical, and vocational training opportunities necessary to prepare attending students for the world of work. This system must be strengthened to achieve its goals, and its success is critical to lessening the need for remedial manpower programs. But, where effective opportunities have not been provided to individuals or their access to them continues to be restricted, remedial services should be provided as a part of our Nation's manpower programs.

(6) Improved training and employment opportunities are vital to developing capacity for self-support by public assistance recipients, and the manpower system must assume special responsibility and accountability for training, placing, and upgrading these persons.

(7) Experience has shown that the administration and delivery of effective manpower programs are extremely complex matters, requiring a more comprehensive, unified, and flexible approach, and the active cooperation of employers, employees, and other public and private agencies, individuals, and organizations.

(8) The effectiveness of manpower programs would be improved by a more coordinated approach in evaluating the needs of individual participants and mobilizing available resources to meet these needs. It is, therefore, the purpose of this Act to establish a comprehensive and coordinated national manpower program, involving the efforts of all sectors of the economy and all levels of government. The program should be designed to provide greater opportunities for training and related services necessary to assist individuals in developing their full economic and occupational potential.

TITLE I

State Plans and Grants

ELIGIBLE ACTIVITIES

Sec. 101. The programs and activities for which funds under this title may be expended shall include, but are not limited to, the following:

(1) basic education, including literacy and communications skills which will assist individuals to become more employable or more suitable for participation in occupational training;

(2) outreach, counseling, testing, work evaluation and adjustment, work sampling, recruitment, placement, and followup services;

(3) orientation to work discipline and acclimation to the work situation;

(4) institutional and on-the-job occupational training, including training of employed workers for the purpose of upgrading their skills and improving the utilization of available manpower;

(5) supportive services, including health services, physical examinations, the furnishing of prosthetic devices, child care, bonding, and other special services, including residential support, deemed necessary for enhancing the employability of participants in programs assisted under this title;

(6) work experience for unemployed and disadvantaged individuals, including the performance of socially useful work in public and private agencies or organizations in the fields of health, public safety, education, recreation, streets, parks, and municipal maintenance, housing and neighborhood improvement, conservation and rural development, beautification, and other fields of human betterment and community improvement, including the establishment, operation, or strengthening of any such program;

(7) part-time work for students in ninth through twelfth grades (and youths of equivalent ages) to assist them in remaining in or returning to school; and with such employment opportunities developed in consultation with educational authorities to enhance, to the extent feasible, the educational growth of such students;

(8) relocation assistance, including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual to relocate in an area where he may obtain suitable employment;

(9) the development of job opportunities including activities designed to promote job restructuring and redesign for the purpose of providing more effective utilization of manpower;

(10) incentives to public or private employers including reimbursements for a limited period when an employee newly hired or being upgraded might not be fully productive;

(11) training for specialized or other personnel and technical assistance which is needed in connection with the programs established under this title or which otherwise pertain to the purposes of this title; and

(12) such other programs and activities as the Secretary deems necessary to carry out the purposes of this Act.

GRANTS TO STATES WITH COMPREHENSIVE MANPOWER AGENCIES

SEC. 102. (a) The Secretary of Labor shall, in accordance with such regulations as he may prescribe, make grants to a State equaling 66⅔ per centum of funds apportioned to the State and available for the purpose if the Secretary determines that such State has submitted a plan approved in accordance with section 104, is complying with provisions of that plan, and is:

(1) Maintaining a State comprehensive manpower agency which (A) shall include the State public employment service, the unemployment compensation agencies (unless specifically exempted by the Secretary), agencies administering or providing for adminstration of programs authorized by this Act, and agencies established by State law administering manpower programs or program components not assisted by Federal grants-in-aid; and (B) includes agencies administering programs authorized by the Vocational Education Act or the Vocational Rehabilitation Act where the State so requests; Except, that the Secretary may with the concurrence of the Secretary of Health, Education, and Welfare refuse to make grants as provided in this section by reason of a decision of the State not to so include such agencies. The State comprehensive manpower agency shall conform to such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan (including methods relating to the establishment and maintenance of personnel standards on a merit basis: Except, that the Secretary shall exercise no authority with respect to selection, tenure of office, and compensation of any individual employed in accordance with such methods). The agency shall be responsible for consulting with the State manpower planning organization which develops the State comprehensive manpower development plan under section 104, for receiving funds under this Act and the Wagner-Peyser Act, and for administering or providing for the administration of those activities in the approved plan which are authorized by this Act and the Wagner-Peyser Act. In carrying out programs assisted under this Act, the agency shall be required to the fullest extent possible to utilize those services and facilities not financed under this Act, which are available from Federal, State, and local agencies. Where services and facilities financed under other authority are not available without reimbursement, the comprehensive manpower agency shall be required to the fullest extent possible to purchase the use of facilities and services from Federal, State, and local agencies where available at reasonable cost. The agency may also make appropriate arrangements to utilize the services and facilities of private agencies, organizations, and businesses. The Secretary of Labor shall determine whether a State has established a comprenhensive manpower agency and is eligible to receive grants under this section.

(2) Providing for the designation of a local prime sponsor who shall be responsible for planning, administering or providing for the administration of programs assisted under this Act in any Standard Metropolitan Statistical Area or other area or areas which the Secretary deems appropriate. Prime sponsors shall be designated by the Governor or Governors of the States in which the area is located, from among the towns, cities, and other such units of local general government within the area: *Provided*, That if a unit or units of local general government representing 75 per centum of the population of an area, determined in accordance with regulations which the Secretary shall prescribe, concern as to the nomination of any other public body or private agency or organization as a prime sponsor, the prime sponsor so nominated shall be designated by the

Governor. In designating a prime sponsor for an area, the Governor shall consider the distribution of population, work force, and disadvantaged persons within the area. For the purposes of this paragraph, the highest appropriate elected executive officials of each unit of local general government shall represent such unit. The identity of prime sponsors designated by the Governor shall be included in the annual State plan and be subject to approval by the Secretary. Area plans prepared by the prime sponsors in consultation with appropriate manpower advisory bodies shall be included in the State plan where they are found by the Governor to be consistent with the requirements of the Secretary under section 104. Where such a plan has not been included in the State comprehensive plan, the Secretary shall, upon request of the prime sponsor, determine after consultation with the Governor whether the area comprehensive plan is consistent with the requirements of section 104. If the Secretary determines that the plan is consistent with these requirements, it shall be included in the State plan.

(b) The Secretary shall, with the concurrence of the Secretary of Health, Education, and Welfare, with regard to program components described in section 104(b), promulgate standards of exemplary performance in administering programs assisted under this title. The standards shall relate to planning for the allocation of resources, program effectiveness, and efficiency and economy, including unit costs, in carrying out such programs. Any State eligible for grants under this section, whose conduct of programs assisted under this title is determined by the Secretary to be complying with these standards shall receive 100 per centum of the funds apportioned to the State and available for the purpose, in lieu of the 66⅔ per centum authorized by subsection (a).

(c) Whenever the funds granted to a State under this section would be less than the funds apportioned to the State under section 601 and available for the purpose, the Secretary shall utilize the remainder of such apportioned funds to carry out the provisions of the State plan, either directly, or through such arrangements with public or private agencies, individuals, or organizations as he finds appropriate.

GRANTS TO CARRY OUT STATE PLANS IN ABSENCE OF STATE COMPREHENSIVE MANPOWER AGENCY

SEC. 103. (a) In the event that a State has submitted a plan approved in accordance with section 104, but has not met the requirements of section 102, the Governor may, by agreement with the Secretary, designate a single State agency for the purpose of administering or providing for the administration of the State plan. Such agency shall have demonstrated competence in administering manpower programs. Where an agency is designated under this section, and the State is complying with provisions of the approved plan, the Secretary shall grant to the State 25 per centum of the funds apportioned to the State under section 601 and available for the purpose, for use in administering or providing for the administration of those portions of the State plan which he may find appropriate. The Secretary shall utilize the remaining funds apportioned to the State and available for the purpose to carry out the provisions of the State plan, either directly, or through such arrangements with public or private agencies, individuals, or organizations as he finds appropriate.

(b) In the event that a State has submitted a plan approved in accordance with section 104, but—

(1) is not eligible for grants under section 102; and

(2) has not designated a single State agency in accordance with subsection (a);

the Secretary shall utilize the funds apportioned to such State and available for the purpose, to carry out the provisions of the approved State plan, either directly, or through such arrangements with public or private agencies, individuals, or organizations as he finds appropriate.

APPROVAL OF STATE COMPREHENSIVE MANPOWER DEVELOPMENT PLANS

SEC. 104. (a) The Governor of a State seeking assistance under this Act shall submit an annual multiyear comprehensive manpower development plan to the Secretary for approval in accordance with the requirements of this section. Such plan shall, except as otherwise provided in this Act:

(1) Provide for the conduct of programs financed under this Act and the Wagner-Peyser Act, including the furnishing of services to eligible individuals,

to the extent, in such manner, and in accordance with such rules, regulations, standards of performance, and annual guidelines as the Secretary, after consultation with the Director of the Office of Economic Opportunity, determines are necessary for the purpose of (A) providing coordinated and comprehensive assistance to those individuals requiring manpower and manpower-related services in order to achieve their full economic and occupational potential; (B) providing increased occupational opportunities and work experience for eligible individuals; (C) lessening the number of persons receiving public assistance or the amount of the payments made under that program; (D) providing intensified efforts to relieve skill shortages; and (E) providing for a more effective utilization of manpower in our economy. Rules, regulations, standards of performance, or guidelines established by the Secretary of Labor relating to program components of the kind designated in subsection (b) shall have the concurrence of the Secretary of Health, Education, and Welfare.

(2) Provide for the development of standards for evaluating the effectiveness of programs carried out under the State plan in achieving the objectives of this Act and provide adequate assurances that such standards will be considered in determining whether to renew or supplement assistance to agencies administering programs pursuant to such plan.

(3) Provide for the establishment and support, subject to the leadership of the Governor or his designee, of a State manpower planning organization, which shall be responsible, in consultation with other interested State agencies, for developing the State's comprehensive manpower development plan and advising the Governor concerning utilization of resources for their intended purposes in order to assure that manpower programs and program components are complementary in the State including, but not limited to, those provided by this Act, other Federal and State statutes, and to the extent practicable, activities of private employers and private nonprofit organizations. A State manpower planning organization shall (1) be established pursuant to State law, or by action of the Governor of the State for the purposes of this title, or (2) be an existing body designated by the Governor for the purpose of this title and in accordance with standards prescribed by the Secretary and the Secretary of Health, Education, and Welfare. The organization shall provide for broad representation from the manpower training and employment resources of the State in the development of the State plan, including persons representative of:

(A) State agencies administering or coordinating manpower training, employment, apprenticeship, general and vocational educational, vocational rehabilitation, welfare, industrial development, labor, economic opportunity, human resource development, and other related programs;

(B) local public and private nonprofit manpower, training, and employment programs including prime sponsors and local comprehensive area manpower planning agencies;

(C) typical client groups, including low-income groups, to be served by the programs;

(D) the general public, including business, labor, and social welfare organizations.

Notwithstanding any other provisons of law, any State plan and plan of service or portions thereof, which are required to be submitted to the Department of Labor or the Department of Health, Education, and Welfare, pertaining to manpower training programs or directly related employability development services aimed at qualifying individuals for employment in nonprofessional occupations, shall be reviewed by the State manpower planning organization. The plan and plan of service, along with the recommendations of the organization will be submitted to the Governor. The Governor shall be responsible for revising such plans and plans of service or portions thereof, to assure that they are complementary and that the allocation of resources provided within the manpower programs and program components of the plan or plans of service best meet the State and area needs. After making the necessary adjustments the Governor will present the plan and plan of service to the appropriate Federal agencies for approval.

(4) Provide for the establishment and support of an area comprehensive manpower planning advisory body or bodies in any standard metropolitan statistical area or other area or areas which the Secretary deems appropriate. The highest appropriate elected executive official of each unit of local general government served by an advisory body or their designees shall have the opportunity to become members of the area advisory body. Where a prime sponsor has been designated pursuant to section 102 in an area served by an advisory body, the

prime sponsor (as represented by its highest appropriate elected executive official or his designee where such sponsor is a unit of local general government) shall be responsible for the establishment of the advisory body. The advisory body will select its own chairman in accordance with rules prescribed by the Secretary. In the absence of a prime sponsor or in the event of a failure of the prime sponsor to fulfill his responsibilities under this paragraph, such responsibilities shall be fulfiled by the highest appropriate elected executive officials of the units of local general government within the area, or by the Governor if such officials fail to act in a timely manner. Area advisory bodies shall include representatives of those interests required to be represented in State manpower planning organizations provided under paragraph (3).

(5) Contain or be supported by adequate assurances satisfactory to the Secretary that appropriate State manpower planning organizations and area comprehensive manpower planning advisory bodies shall have an opportunity fully to assess the operation of the State and area programs and provide such advice as may be appropriate. Staff supporting such bodies shall have competence in the disciplines associated with the program areas subject to the organizations' planning responsibilities. The State manpower planning organizations and area comprehensive manpower planning advisory bodies shall be empowered in their own discretion, or at the request of the Secretary, to convey their assessment or evaluations of the State and area programs to the Secretary, the Secretary of Health, Education, and Welfare, the Governor, and the general public.

(6) Provide for participation of members of low-income groups in the planning and evaluation of State and area programs established under this Act.

(7) Provide such other assurances or information as the Secretary may find necessary to carry out the purposes of this title.

(b) The Secretary shall determine whether a State plan meets the requirements of this Act: Except, that with regard to programs (or program components) authorized to be included in such plan under section 104(a) which are of a health, education, or welfare character or which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare, the plan may not be approved without the concurrence of the Secretary of Health, Education, and Welfare. Such programs include basic education; institutional training; health, child care and other supportive services; new careers and job restructuring in the health, education, and welfare professions; and work-study programs.

(c) The Secretary may approve all or any portion of a plan submitted by a State.

PLANNING GRANTS

SEC. 105. The Secretary is authorized to make grants to the States for the purpose of establishing and maintaining State manpower planning organizations and area advisory bodies and for developing comprehensive plans for submission to the Secretary pursuant to this title. Planning grants shall be made to a State from funds apportioned to such State under section 601 and available for the purpose.

NONCOMPLIANCE OR ABSENCE OF AN APPROVED PLAN

SEC. 106. (a) If the Secretary determines, after notice to the State and opportunity for hearing, that a State which has been determined to be eligible for grants under section 102 or 103(a) is no longer complying with the requirements of these provisions relating to (1) the maintenance of State comprehensive manpower or lead agencies; (2) the designation of local prime sponsors; (3) the inclusion of area plans in the State plan; or (4) compliance with exemplary standards, he may determine that the State is no longer eligible for receiving grants under section 102 or 103(a) and withhold such further grants or portions thereof under these provisions as may be appropriate.

(b) In the event that a State has not submitted a comprehensive manpower development plan, approved in accordance with section 104, the Secretary may, after consultation with State and appropriate local governments, provide manpower services in the State authorized by this Act from funds apportioned to the State and available for the purpose.

(c) In the event that a State does not comply with any part of its approved plan, the Secretary may reduce its grant accordingly and provide the services provided for in the plan either directly, or through such arrangements as he may deem appropriate.

(d) To the extent that a State plan does not provide for all the services required in accordance with the Secretary's guidelines, the Secretary may provide such services as are needed to meet these guidelines out of the funds apportioned to the State under section 601 and available for the purpose.

(e) No determination of noncompliance under this section shall be made without concurrence of the Secretary of Health, Education, and Welfare respecting those matters with regard to which his concurrence was required in the approval of grants under section 102 or 103(a).

ELIGIBLE INDIVIDUALS

Sec. 107. No financial assistance for any program under this title shall be provided unless the Secretary determines that participants in such programs are, except as otherwise provided, unemployed, underemployed, low income, or otherwise disadvantaged persons sixteen years of age or over who are not adequately prepared for suitable employment in their area of residence: Except that the Secretary may authorize the participation of other persons and may impose additional qualifications in order to facilitate the efficient utilization of manpower resources or otherwise carry out the purposes of this Act.

SPECIAL CONDITIONS

Sec. 108. No financial assistance for any program or project under this title shall be provided unless the Secretary determines that:

(1) Compensation and allowances will be furnished to participants in accordance with the requirements of section 109, except as otherwise provided or as the Secretary may otherwise prescribe, and fair procedures will be adopted and utilized in determining the eligibility and amount of any compensation or allowances to which a program participant may be entitled.

(2) Conditions of employment or training will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant.

(3) Appropriate standards for the health, safety, and other conditions applicable to the performance of work and training or any project are established and will be maintained.

(4) Appropriate workmen's compensation protection will be provided to all participants.

(5) No discrimination will be exercised, threatened, or promised by any person with responsibilities in the operation of any program, against or in favor of any program participant or any applicant for participation in such program because of race, creed, color, national origin, sex, union membership, lack of union membership, political affiliation, or beliefs.

(6) The project does not involve nor will any participant be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship.

(7) The program will not result in the displacement of employed workers or impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed.

(8) The program will not provide assistance in relocating establishments from one area to another. This limitation should not prohibit assistance to a business entity in the establishment of a new branch, affiliate, or subsidiary, if the Secretary of Labor finds that assistance will not result in an increase in unemployment in an area where such business entity is located or conducts business.

(9) Funds utilized to carry out a State plan will be used to supplement, to the extent practicable, the level of funds that would otherwise be made available from non-Federal sources for the purpose of planning and administration of programs within the scope of this Act and not to supplant such other funds.

(10) The State agency and appropriate local "prime sponsors" will make such reports, in such form and containing such information as the Secretary may from time to time require, and will keep such record and afford such access thereto as the Secretary may find necessary to assure that funds are being expended in accordance with the provisions of this Act.

COMPENSATION AND ALLOWANCES

Sec. 109. (a) For the purpose of this section, a basic allowance shall be equal to a proportion of the average weekly wage in employment covered by the unemployment compensation law in the State in which an individual was referred for participation in institutional training or other manpower development activities referred to in paragraph (c)(2) (without regard to the State in which such participation occurs) during the most recent four calendar quarter period for which such data are available. The average weekly wage shall be computed under regulations issued by the Secretary and irrespective of the limitation on the amount of wage shall be computed under regulations issued by the Secretary and irrespective of the limitation on the amount of wages subject to contribution under such State law, reported by employers as paid for services covered under the State laws. The basic allowance shall be 40 per centum of such average weekly wage during the period July 1, 1970, through June 30, 1971; 45 per centum of such average weekly wage during the period July 1, 1971, through June 30, 1972; and 50 per centum of such average weekly wage on July 1, 1972, and thereafter: *Provided*, That a basic allowance shall not exceed 40 times the minimum hourly wage provided in section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended: *Provided further*, That such basic allowance through June 30, 1972, in any State shall not be less than the amount of the average weekly gross unemployment compensation payment (including allowances for dependents) during the calendar year 1969 for a week of total unemployment in such State.

(b) For the purposes of this section, a dependents' allowance shall equal $5 per week for each dependent, to a limit of six dependents.

(c) Persons, except those specified in subsection (d), who are participating on a full-time basis in the following programs assisted under title I in (1) institutional training; or (2) other manpower development activities which are not compensated by an employer or subject to subsections (g) or (h); shall receive a basic allowance plus a dependents allowance for his dependents as specified in subsection (b) for each week of full-time participation: Except, that no individual shall receive allowances under this subsection which are less than the unemployment compensation (including allowances for dependents) to which such person would be entitled under any Federal or State unemployment compensation law if he were not participating in such activity.

(d) The following participants in full-time institutional training or other manpower development activities described in subsection (c) shall not be entitled to allowances provided in subsection (c):

(1) A public assistance recipient under programs assisted under titles I, IV, X, XIV, and XVI of the Social Security Act, who shall be paid, in addition to any public assistance payments to which he may be entitled, incentive payments of not more than $30 per month under regulations prescribed by the Secretary.

(2) A participant (age twenty-two and older) who is not the head of a household, as defined by the Secretary. Such participant shall receive one-half of the allowance computed under subsection (c): Except, that an individual who is not subject to this paragraph at the commencement of the period of participation shall not become subject thereto until the completion of such period.

(3) A participant who is under eighteen years of age, unless such participant is the head of a household, as defined by the Secretary. Such participant shall receive a suitable weekly allowance, determined in accordance with the rules prescribed by the Secretary, but not to exceed the basic allowance prescribed in subsection (a): *Provided*, That any allowance under this paragraph shall not be less than the unemployment compensation (including allowances for dependents) to which such person would be entitled under any Federal or State unemployment compensation law if he were not participating in such activity. An individual who is not subject to this paragraph at the commencement of the period of participation shall not become subject thereto until the completion of such period.

(4) A participant receiving unemployment compensation under any Federal or State unemployment compensation law. Such participant shall receive for each week of training, allowances equal to the difference between (1) any allowance to which he would otherwise be entitled under subsections (c) and (d) of this section and (2) the unemployment compensation (including allowances for dependents) which he received for such week.

(5) A participant engaged in employer-compensated on-the-job training or work experience assisted under this title. The allowances of such participants shall be computed in accordance with subsections (c) or (d), as appropriate, and shall be reduced in accordance with rules and regulations prescribed by the Secretary, which shall take into account the hours of such work experience or on-the-job training and the amount of compensation therefor.

(e) A participant engaged in the activities described in subsection (c) on less than a full-time basis shall receive a reduced basic allowance, computed in accordance with regulations prescribed by the Secretary, and a dependent's allowance if participation is in excess of twenty hours each week. Public assistance recipients shall receive an incentive payment as provided in subsection (d). Such reduced basic allowance shall be computed taking into account: (1) the hours of participation in such activity; (2) the allowance to which he would be entitled under subsections (c) and (d) if he were engaged in training on a full-time basis; (3) compensated work experience or on-the-job training assisted under this title in which the participant is engaged; and (4) unemployment compensation which the participant is receiving.

(f) No allowance under subsections (c), (d), or (e) of this section may be paid for any portion of a training period which extends beyond one hundred and four weeks.

(g) Workers in programs providing work experience under this Act shall be compensated at a rate not less than the applicable minimum wage rate, but in no case less than the rate prescribed by section 6(b) of the Fair Labor Standards Act.

(h) Workers engaged in employer-compensated on-the-job training under this Act shall be compensated at a rate not less than the higher of (1) the applicable minimum wage rate, or (2) the prevailing wage paid to workers of like experience performing similar work in the locality.

(i) A participant undertaking training of work-experience or other manpower development activity described in subsection (c) on either a full-time or part-time basis, shall receive allowances for transportation and maintenance, in addition to the applicable training allowance or wage. The amount of allowances provided under this subsection shall be determined in accordance with regulations prescribed by the Secretary.

(j) A participant who has successfully completed a program of full-time participation, of not less than fifteen weeks' duration, in institutional training or other manpower development activities described in subsection (c) shall receive, upon completion of his period of participation, a completion bonus which shall be equal to twice the allowance to which he is entitled under subsections (c) or (d) for his last week of full-time participation during such period.

INTERSTATE AGREEMENTS

SEC. 110. In the event that compliance with provisions of this title requires cooperation or agreements between States, the consent of Congress is hereby given to such States to enter into such agreements to facilitate such compliance, subject to the approval of the Secretary.

INTERAGENCY CONCURRENCE

SEC. 111. In any instance under this title in which the Secretary is authorized to conduct programs directly or though appropriate arrangements with public or private agencies, individuals, or organizations, he shall first obtain the concurrence of the Secretary of Health, Education, and Welfare with regard to the conduct of programs involving any activities of the kind described in section 104(b).

ADVISORY PANELS

SEC. 112. In carrying out his responsibility under this title, including the making of any determinations hereunder, the Secretary may request the advice of the manpower advisory committees established under section 603, the Intergovernmental Advisory Council, established under section 604, State manpower planning organizations, area planning advisory bodies, and such boards or panels of experts and consultants as he may deem appropriate.

TITLE II—JOB CORPS

AMENDMENTS TO THE ECONOMIC OPPORTUNITY ACT

SEC. 201. (a) The Economic Opportunity Act of 1964, as amended, is further amended as follows:

(1) Subsection (e) of section 106 is repealed.

(2) Subsection (b) of section 115 is amended to read as follows:

"(b) The Director may enter into agreements with States or local prime sponsors to administer, assure, or assist in the administration of the programs provided in this part. The Director may, pursuant to regulations, pay part or all of the operative or administrative costs of such programs."

(b) Section 810(a) of the Economic Opportunity Act of 1964 is amended by striking the word "and" immediately preceding paragraph (3) thereof, by substituting a semicolon for the period at the end of the subsection, and by adding the following:

"and (4) with the approval of the Secretary of Labor, in Job Corps Centers operated under title II of the Manpower Training Act of 1969."

(c) Section 833(b) of the Economic Opportunity Act of 1964 is amended to read as follows:

"(b) Individuals who receive either a living allowance or a stipend under this title shall, with respect to such services or training:

"(1) for the purposes of subchapter III of chapter 73 of title 5 of the United States Code, be deemed persons employed in the executive branch of the Federal Government;

"(2) for purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), be deemed employees of the United States, and any service performed by an individual as a volunteer shall be deemed to be performed in the employ of the United States;

"(3) for purposes of the Federal tort claims provisions in title 28, United States Code, be deemed employees of the Government; and

"(4) for purposes of the subchapter I of chapter 81 of title 5 of the United States Code (relating to compensation to Federal employees for work injuries), be deemed civil employees of the United States within the meaning of the term 'employee' as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except as follows:

"(A) In computing compensation benefits for disability or death, the monthly pay of a volunteer shall be deemed that received under the entrance salary for a grade GS-7 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to volunteers; and

"(B) Compensation for disability shall not begin to accrue until the day following the date on which the injured volunter is terminated."

TRANSFER OF JOB CORPS

SEC. 202. (a) Title I, part A, of the Economic Opportunity Act of 1964, as amended (sections 101–118), is transferred to the Manpower Training Act of 1969 and inserted as sections 203 through 220, respectively, as amended by subsection (e) of this section.

(b) All references to part A of title I of the Economic Opportunity Act of 1964 or any provision thereof are hereby deleted from the Economic Opportunity Act of 1964. Any reference to part A of title I of the Economic Opportunity Act or any provision thereof in any other law of the United States shall be deemed to be a reference to title II of this Act or the corresponding provision therof.

(c) So much of the personnel, property, records, and unexpected balances of appropriations, allocations, and other funds employed, held, used, available, or to be made available in connection with the functions transferred by subsection (a) of this section as the Director of the Bureau of the Budget shall determine shall be transferred to the Department of Labor.

(d) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem necessary in order to effectuate the transfer provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

(e) Sections 203–220 of this Act as tranferred by subsection (a) are amended as follows:

(1) The word "title" shall be substituted for the word "part" wherever it appears.

(2) The word "Secretary" shall be substituted for the word "Director" wherever it appears.

(3) The words "Department of Labor" shall be substituted for "Office of Economic Opportunity" wherever they appear.

(4) Section 205(1) is amended by deleting all the words in paragraph (1) following "United States" and substituting the following: "or a native and citizen of Cuba who arrived in the United States from Cuba as a nonimmigrant or as a parolee subsequent to January 1, 1959, under the provisions of section 214(a) or 212(d)(5), respectively, or any person admitted as a conditional entrant under section 203(a)(7) of the Immigration and Nationality Act."

(5) Paragraphs (2) through (5) of section 205 are redesignated as (3) through (6), respectively, and the following new paragraph (2) is inserted:

"(2) has attained age fourteen but not attained age twenty-two at the time of enrollment;".

(6) The reference in sections 205(5) to sections 104 and 105 are changed to "206" and "207", respectively.

(7) The reference in section 208(c) to section 609(3) is changed to "205(1)."

(8) The reference in section 209(b) to "part B of this title" is deleted and the following is substituted therefor: "titles I and III of this Act and title I of the Economic Opportunity Act of 1964".

(9) Section 210 is amended by adding a new subsection (e) to read as follows: "(e) In conducting programs under this title, the Secretary shall consult with the Secretary of Health, Education, and Welfare with regard to institutional training provided for enrollees of the Job Corps.".

(10) Section 211 is amended by adding a new subsection (e) as follows: "(e) Under such circumstances as the Secretary may determine, he may prescribe by regulation changes in the amount and method of payment of allowances and provision of expenses to correspond more closely to the methods and amounts prescribed in title I of this Act. Such changes may include provision of higher allowances to cover appropriate enrollee expenses and offsetting charges to enrollees for living expenses.".

(11) Section 214(d), as amended, is further amended by deleting "the Department of Labor and".

(12) Section 214(e) is amended by inserting a comma after the word "feasible", by deleting the words "in accordance with section 637(b) of this Act", and by changing the reference to 109(c) to 211(c).

(13) Section 214(e) is further amended by striking out the comma and inserting a period in lieu thereof after "employment service offices" and deleting the words "and shall furnish copies of such records to the Secretary of Labor."

(14) Section 215(a) is amended by striking out the reference to section 608 and substituting in lieu thereof "section 605."

(15) Section 215(b) is amended by striking out both references to "part B of this title" and substituting in lieu thereof "Title I of this Act" and by striking out the reference to section 608 and substituting in lieu thereof "section 605."

(16) Section 216 is amended by striking out the last sentence.

(17) Section 217(c) is amended by striking out the word "Act" and substituting in lieu thereof "title".

(18) Section 219 is amended by striking out subsection (a) and the first sentence of subsection (b), and redesignating subsections (b) through (d) as subsections (a) through (c), respectively.

(19) A new section 221 is added to read as follows:

"ADDITIONAL AUTHORITIES

"Sec. 221. In addition to such other authority as he may have, the Secretary is authorized, in carrying out his functions under this title, to—

"(1) utilize, with their assent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or a political subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivision without reimbursement;

"(2) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this title as he deems necessary to carry out the provisions hereof, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditure for construction, repairs, and capital improvements; and

"(3) expend funds made available for purposes of this title, without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by him; but the Secretary shall not utilize the authority contained in this subsection—

"(A) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this title, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which it is needed, and

"(B) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherw[illegible] would be under the jurisdiction of the General

Services Administration) of his intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority.

TITLE III—SPECIAL FEDERAL PROGRAMS

INFORMATION, RESEARCH, AND DEVELOPMENT

SEC. 301. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of manpower research utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques and knowledge as will aid in the solution of the Nation's manpower problems. This program will include, but not be limited to, studies the findings of which may contribute to the formulation of manpower policy; development of manpower programs; increased knowledge about labor market processes; reduction of unemployment and its relationships to price stability; promotion of more effective manpower development, training and utilization; improved national, regional, and local means of measuring future labor demand and supply; enhancement of job opportunities; up-grading of skills; meeting of manpower shortages; easing of the transition from school to work, from one job to another, and from work to retirement; and improvement of opportunities for employment and advancement through the reduction of discrimination and disadvantage arising from poverty, ignorance, or prejudice.

(b) The Secretary shall establish a program of experimental, developmental, demonstration, and pilot projects, through grants to or contracts with public or private nonprofit organizations, or through contracts with other private organizations, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting the manpower, employment, and training problems. In carrying out this subsection with respect to programs designed to provide employment and training opportunities for low-income people, the Secretary shall consult fully with the Director of the Office of Economic Opportunity. In carrying out this subsection the Secretary of Labor shall, where appropriate, also consult with the Secretaries of Health, Education, and Welfare, Commerce, Agriculture, and Housing and Urban Development, the Chairman of the Civil Service Commission, and such other agencies as may be appropriate. Where programs under this paragraph require institutional training, appropriate arrangements for such training shall be agreed to by the Secretary of Labor and the Secretary of Health, Education, and Welfare.

(c) The Secretary shall conduct such research and investigations as give promise of furthering the objectives of this Act either directly or through grants, contracts, or other arrangements.

LABOR MARKET INFORMATION

SEC. 302. (a) The Secretary of Labor shall develop a comprehensive system of labor market information on a national, State, local, or other appropriate basis, including but not limited to information regarding——

(1) the nature and extent of impediments to the maximum development of individual employment potential including the number and characteristics of all persons requiring manpower services;

(2) job opportunities and skill requirements;

(3) labor supply in various skills;

(4) occupational outlook and employment trends in various occupations; and

(5) in cooperation and after consultation with the Secretary of Commerce, economic and business development and location trends.

(b) Information collected under this section shall be developed and made available in a timely fashion to meet in a comprehensive manner the needs of public and private users, including the need for such information in recruitment, counseling, education, training, placement, job development, and other appropriate activities under this Act and under the Economic Opportunity Act, the Social Security Act, the Public Works and Economic Development Act of 1965, the Wagner-Peyser Act, the Vocational Education Act of 1963, the Vocational Rehabilitation Act, the Demonstration Cities and Metropolitan Development Act of 1966, and other relevant Federal statutes.

MANPOWER UTILIZATION

SEC. 303. The Secretary shall establish a program for the improvement of manpower utilization in sectors of the economy experiencing persistent manpower shortages, or in other situations requiring maximum utilization of existing manpower. The Secretary shall conduct this program either directly or through such other arrangements as he may deem appropriate.

EVALUATION

SEC. 304. The Secretary shall provide for a system of continuing evaluation of all programs and activities conducted pursuant to this Act, including their cost in relation to their effectiveness in achieving stated goals, their impact on communities and participants, their implication for related programs, and the adequacy of their mechanism for the delivery of services. He shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs.

TRAINING AND TECHNICAL ASSISTANCE

SEC. 305. In carrying out his responsibilities under this Act, the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare, where appropriate, shall provide, directly or through grants, contracts, or other arrangements, training for specialized or other personnel and technical assistance which is needed in connection with the programs established under this Act or which otherwise pertains to the purposes of this Act. Upon request, the Secretary may make special assignments of personnel to public or private agencies, institutions, or employers to carry out the purposes of this section; but no such special assignments shall be for a period of more than two years.

TITLE IV

National Computerized Job Bank Program

FINDINGS AND PURPOSE

SEC. 401. The Congress hereby finds that the lack of prompt and adequate information regarding manpower needs and availability contributes to unemployment, underemployment, and the inefficient utilization of the Nation's manpower resources. The Congress further finds that the development of electronic data processing and telecommunications systems has created new opportunities for dealing with this difficult problem. It is therefore the purpose of this title to enlist the tools of modern technology in a cooperative Federal-State effort to reduce unemployment and underemployment and more adequately meet the Nation's manpower needs.

ESTABLISHMENT OF THE PROGRAM

SEC. 402. The Secretary shall develop and establish a computerized job bank program for the purpose of——

(1) identifying sources of available manpower supply and job vacancies;

(2) providing an expeditious means of matching the qualifications of unemployed, underemployed, and disadvantaged persons with employer requirements and job opportunities on a National, State, local, or other appropriate basis;

(3) referring and placing such persons in jobs; and

(4) distributing and assuring the prompt and ready availability of information concerning manpower needs and resources to employers, employees, public and private job placement agencies, and other interested individuals and agencies.

Maximum effective use shall be made of electronic data processing and telecommunications systems in the development and administration of the program. The program established under this title shall be coordinated with the comprehensive manpower program established under title I.

CONDUCT OF THE PROGRAM

SEC. 403. For the purpose of carrying out the program established in section 402, the Secretary is authorized to make grants to State or local agencies for the planning and administration of the program, including the purchase or other acquisition of necessary equipment. The Secretary may conduct the program on a regional or interstate basis either directly or through grants, contracts, or other arrangements with public or private agencies and organizations. He may also conduct the program when he finds that a State or local program will not adequately serve the purposes of this title. The Secretary may require that any information concerning manpower resources or job vacancies utilized in the operation of job-bank programs financed under this title be furnished to him at his request. He may, in addition, require the integration of any information concerning job vacancies or applicants into a job-bank system assisted under this title.

EXPERIMENTS, DEMONSTRATIONS, RESEARCH AND DEVELOPMENT

SEC. 404. The Secretary may conduct directly, or through contracts, grants, or other arrangements with public or private agencies or organizations, such experimental or demonstration projects, research and development as he deems necessary to impove the effectiveness of the program established under this title.

RULES, REGULATIONS, AND STANDARDS

SEC. 405. The Secretary shall prescribe such rules and regulations, and standards as may be necessary to carry out the purposes of this title, including standards to assure the compatibility on a nationwide basis of data systems used in carrying out the program established by this title, and including rules and regulations to assure the confidentiality of information submitted in confidence.

TITLE V

ACTIVE MANPOWER POLICY AS AN ECONOMIC STABILIZER

FINDINGS AND PURPOSE

SEC. 501. The Congress hereby finds and declares that an active manpower policy can be a significant economic stabilization tool. The manner in which manpower program reesources are used can enhance price stability when unemployment is relatively low and can help prevent increases in unemployment when the rate of economic advance slows down. The Congress further finds that a timely increase in available manpower program resources as an economic slowdown begins, can both ease the impact of unemployment for the affected individuals and reduce the pressures which tend to generate further increases in unemployment. It is, therefore, the purpose of this title to provide an automatic increase in manpower program resources in a timely manner when serious deterioration in the level of economic activity is reasonably anticipated.

EXTENDED APPROPRIATIONS

SEC. 502. (a) For the purpose of providing rapid action in situations involving excessive unemployment, until the Congress shall have an opportunity to act, there is hereby appropriated, out of moneys in the Treasury not otherwise appropriated, and in addition to the sums heretofore appropriated to carry out the provisions of this Act during the current fiscal year, an amount equal to 10 per centum of such sums heretofore appropriated. Funds appropriated under this title shall be utilized, without regard to the apportionment formula prescribed in section 601. in financing training and related activities for unemployed individuals as authorized by title I of this Act which afford the most effective opportunity to alleviate the situation.

(b) Subsection (a) shall become effective only for that fiscal year during which the Secretary determines that for each of the most recent three consecutive calendar months ending prior to the date on which a determination is made, the rate of national unemployment (seasonally adjusted) had increased to 4½ per centum or higher.

(c) During any fiscal year in which a determination is made under subsection (b) which requires an appropriation under subsection (a), no further obligation of funds so appropriated may be made subsequent to a determination by the Secretary that the rate of national unemployment (seasonally adjusted) has receded below 4½ per centum for three consecutive months.

(d) Whenever the Secretary determines that the unemployment rate criteria prescribed in subsection (b) or (c) have been met, he shall promptly notify the Congress and the Secretary of the Treasury, and shall publish such determination in the Federal Register. At such time, the Secretary shall recommend to the Congress any further steps he believes appropriate.

CONDUCT OF THE PROGRAM

SEC. 503. The Secretary is authorized to make grants to or contracts with public agencies or private nonprofit organizations, or contracts with other private organizations for the purpose of carrying out the program provided for by this title. In carrying out this section, the Secretary shall, where appropriate, consult with the Secretaries of Health, Education, and Welfare, Commerce, the Interior, Agriculture, and Housing and Urban Development, the Chairman of the Council of Economic Advisers, and the Director of the Office of Economic Opportunity. In order to achieve maximum economic stabilization effect, the Secretary shall develop and maintain (or cause to be developed and maintained) contingency plans for the expeditious implementation of the program authorized by this title.

TITLE VI

MISCELLANEOUS

APPORTIONMENT

SEC. 601. (a) Seventy-five per centum of the funds appropriated to carry out the provisions of this Act (except titles II, IV, and V) and available for the purpose shall be apportioned to the States for grants under title I in accordance with criteria established by the Secretary: *Provided*, That no amount may be apportioned to any State which exceeds nine times the contribution made by such State in cash or kind to carry out programs authorized by title I. The Secretary may waive all or a portion of this matching requirement when he determines that special circumstances warrant such waiver. Apportionment criteria shall include the number of individuals in the labor force, the number of unemployed, and the estimated number of disadvantaged individuals as determined by the Secretary who reside in the State as compared to the number of such individuals in the Nation. The Secretary shall designate for use in any standard metropolitan statistical area or other area or areas within a State which he deems appropriate, a minimum share of the funds apportioned to the State under this subsection. Such minimum share shall be determined by the Secretary in accordance with the proportion which (1) the number of persons within the labor force and (2) the estimated number of disadvantaged individuals within such area bears respectively to the number of all persons within the labor force and all disadvantaged individuals within the State.

(b) Five per centum of the funds appropriated to carry out the provisions of this Act (except titles II, IV and V) and available for the purpose, shall for such period and in accordance with such regulations as the Secretary may prescribe, be available for further apportionment to States and areas for which an apportionment has been made under subsection (a) and for which additional contributions to such activities are being made by State or local public agencies or instrumentalities. Such additional apportionment shall equal $2 for each $1 of such non-Federal funds. An additional apportionment may be made to a State or area under this subsection only if the Secretary determines that in the conduct of programs assisted under title I, such State or area is complying with the standards of exemplary performance prescribed by the Secretary under section 102.

(c) The Secretary is authorized to make reapportionments from time to time of the unobligated amount of any apportionment to a State under subsections (a) and (b): (1) to the extent that the Secretary determines it will not be required for the period such apportionment is available, or (2) where a State is not complying with a plan approved under section 104: Except, that no funds apportioned to a State under subsections (a) or (b) in any fiscal year may be reapportioned to any other State or for other purposes for any reason before the expiration of the ninth month of such fiscal year and only upon fifteen days' advance notice to such State of the proposed reapportionment.

(d) Twenty per centum of the funds appropriated to carry out the provisions of this Act (except title II, IV, and V) and available for the purpose, and such other available funds are not apportioned to a State or otherwise required to be held available for apportionment under section 601 (a) or (b) may be expended by the Secretary as he may find necessary or appropriate to carry out the purposes of this Act, including programs and activities authorized by title I.

Notwithstanding any other provision, the Secretary may utilize funds subject to this subsection to conduct programs and activities either directly, or through such arrangements with public or private agencies, individuals, or organizations as he may find appropriate. In conducting any programs described in section 104(b), the Secretary shall first obtain the concurrence of the Secretary of Health, Education, and Welfare.

PUBLICATION OF APPORTIONMENT FORMULA

SEC. 602. As soon as practicable after the effective date of this Act, the Secretary shall publish in the Federal Register the apportionment formula established pursuant to section 601 as well as the percentage of funds appropriated to carry out the purposes of this Act which shall be apportioned to a State. The Secretary shall review such apportionment formula annually and at such other times as the circumstances may warrant and may revise or modify such formula. Whenever the Secretary establishes or revises such apportionment formula, he shall also promptly publish in the Federal Register the factors which he had considered in arriving at the apportionment, the weight ascribed to the various factors, and the statistical data found necessary in determining the apportionment.

ADVISORY COMMITTEES

SEC. 603. (a) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, shall appoint a National Manpower Advisory Committee which shall consist of at least ten but not more than fifteen members and shall be composed of men and women representing labor and management in equal numbers, the public in general, and other groups interested in such activities as manpower training, employment, vocational education, and vocational rehabilitation programs. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary concerning problems and policy relating to employment, manpower, and to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(b) For the purpose of making expert assistance available to persons formulating and carrying on programs under this title, the Secretary shall, where appropriate, require the organization on a regional basis of labor-management public advisory committees.

(c) The National Manpower Advisory Committee may accept the name of the Department of Labor and employ or dispose of gifts or bequests, either for carrying out specific programs or for its general activities or for such responsibilities as it may be assigned in furtherance of subsection (b) of this section.

(d) Appointed members of the National Manpower Advisory Committee shall be paid compensation at a rate of up to the per diem equivalent of the rate for GS–18 when engaged in the work of the National Manpower Advisory Committee, including traveltime, and shall be allowed travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed, basis.

INTERGOVERNMENTAL ADVISORY COUNCIL

SEC. 604. The Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare, shall establish an Intergovernmental Advisory Council on Manpower to advise him with regard to matters involving intergovernmental relationships in the development and conduct of programs under this Act, including, but not limited to the assignment of manpower responsibilities among Federal, State, and local governmental units, apportionment of funds, designation of program areas, selection of prime sponsors, and State and area compliance with provisions of this Act. Members of the Council shall be selected by the Secretary from among governors, mayors, and other elected State or local public officials. In selecting members of the Council, the Secretary shall assure an equitable balance in the political affiliation of its members. The Secretary shall designate a Chairman of the Council. Members of the Council shall receive no compensation and shall not be a Federal employee for any purpose. They shall be allowed travel expenses and per diem in lieu of subsistence as authorized by section 5703 of title 5, United States Code for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed basis.

REPORTS

SEC. 605. The Secretary of Labor shall make such reports and recommendations to the President as he deems appropriate pertaining to manpower requirements, resources, use, and training, and his recommendations for the forthcoming fiscal year, and the President shall transmit to the Congress within sixty days after the beginning of each regular session a report pertaining to manpower requirements, resources, utilization, and training.

DEFINITIONS

SEC. 606. For the purposes of this Act, the terms—

(a) "Secretary" shall mean the Secretary of Labor;

(b) "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands; and

(c) the term "United States" when used in a geographical sense includes all those places named in subsection (b), and all other places continental or insular, subject to the jurisdiction of the United States.

RULES AND REGULATIONS

SEC. 607. The Secretary may prescribe such rules and regulations under this Act as he deems necessary. Such regulations may include adjustments in any requirements of title I relating to elected officials of State and local governments, where such adjustments are necessary in light of the special status or governmental structure of such States, and may include adjustments authorized by section 204 of the Intergovernmental Cooperation Act of 1968.

AUTHORITY TO CONTRACT AND EXPEND FUNDS

SEC. 608. The Secretary may make such grants, contracts, or agreements, establish such procedures (subject to such policies, rules, and regulations as he may prescribe), and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as he may deem necessary to carry out the provisions of this Act, including necessary adjustments in payments on account of overpayments or underpayments. The Secretary may also withhold funds otherwise payable under this Act in order to recover any amounts expended in the current or immediately prior fiscal year in violation of any provision of this Act or an approved State plan. Any funds so withheld shall be available for reapportionment by the Secretary in accordance with section 601(c): Except, that funds withheld during a fiscal year to cover amounts expended in a prior fiscal year shall be available for immediate reapportionment.

ACCEPTANCE OF GIFTS AND VOLUNTARY SERVICES

SEC. 609. The Secretary is authorized, in carrying out his functions and responsibilities under this Act, to—

(1) accept in the name of the Department, and employ or dispose of in furtherance of the purposes of this Act, or of any title thereof, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise; and

(2) accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b)).

CRIMINAL PROVISIONS

SEC. 610. Title 18 of the United States Code is amended by adding a new section 665 to read as follows:

"THEFT OR EMBEZZLEMENT FROM MANPOWER FUNDS; IMPROPER INDUCEMENT

"SEC. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any agency receiving financial assistance under the Manpower Training Act of 1969 embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to this Act shall be fined not more than $10,000 or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(b) Whoever, by threat of procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under the Manpower Training Act of 1969 induces any person to give up any money or thing of any value to any person (including such grantee agency) shall be fined not more than $1,000, or imprisoned not more than one year, or both."

APPROPRIATIONS AUTHORIZED

SEC. 611. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1971, and for each fiscal year thereafter, such sums as may be necessary to carry out the provisions of titles I, III, IV, V, and VI of this Act.

(b) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1972, and for each fiscal year thereafter, such sums as may be necessary to carry out the provisions of title II of this Act.

LIMITATIONS ON USE OF APPROPRIATED FUNDS

SEC. 612. (a) Funds appropriated under the authority of this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Federal Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(b) The Secretary is authorized to accept and utilize in carrying out the provisions of this Act funds appropriated to carry out other Federal Statutes if such funds are utilized for the purposes for which they are specifically authorized and appropriated. To the extent that the provisions of this Act are inconsistent with the provisions of such other Federal statutes, the provisions of the latter shall govern, except as provided under subsection (c).

(c) Pursuant to regulations prescribed by the President, where funds are advanced for a program to any agency assisted under this Act, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single local share requirement may be established according to the proportion of funds advanced by such agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

(d) The Secretary is authorized to vest in public or private nonprofit agencies title to equipment purchased to carry out the provisions of this Act purchased with funds appropriated for the purpose, as he may deem appropriate.

(e) Funds appropriated to carry out titles I, II, III, IV, and VI of this Act shall remain available for obligation for one fiscal year beyond that for which appropriated.

ADVANCE FUNDING

SEC. 613. (a) For the purpose of affording adequate notice of funding available under this Act for appropriations, grants, contracts, or other payments under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(b) In order to effect a transition to the advance funding method of timing appropriation action, the amendment made by subsection (a) shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

PAYMENTS TO PUBLIC ASSISTANCE RECIPIENTS

SEC. 614. Notwithstanding the provisions of titles I, IV, X, XIV, and XVI of the Social Security Act, a State plan approved under any such title shall provide that no payment made to any person pursuant to section 109(d)(1) or 109(e) of this Act shall be regarded (A) as income or resources of that person in determining his need under such approved State plan, or (B) as income or resources of any other person in determining the need of that other person under such approved State plan. No funds to which a State is otherwise entitled under titles I, IV, X, XIV, or XVI of the Social Security Act for any period before the first month beginning after the adjourment of the State's first regular legislative session which adjourns more than sixty days after the enactment of this section shall be withheld by reason of any action taken pursuant to a State statute which prevents such State from complying with the requirements of this paragraph.

LABOR STANDARDS

SEC. 615. All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this Act, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(c)).

PROVISIONS AFFECTING EXISTING AUTHORITIES

SEC. 616. (a) The Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2571 et seq.), is hereby repealed.

(b) Title V, part A of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701 et seq.), is hereby repealed.

(c) Title I, part B of such Act is amended to read as follows:

"PART B—RESEARCH, EXPERIMENTAL, AND DEVELOPMENTAL AUTHORITY IN THE MANPOWER AREA

"STATEMENT OF PURPOSE

"SEC. 120. It is the purpose of this part to provide authority for the conduct of research, experimental, and developmental activities focused on providing more effective means for dealing with the employment and employment-related problems of the economically disadvantaged.

"ACTIVITIES AUTHORIZED

"SEC. 121. (a) The Director is authorized to contract with or provide financial assistance to public agencies or private organizations for the payment of all or part of the costs of developing and carrying out programs designed to further the purposes of this part. Programs assisted under this part shall be of an experimental, developmental, demonstration, or pilot nature and shall be structured in such manner as the Director deems will best equip them to yield information as to the relative effectiveness of various approaches (including new approaches and refinements or variations of traditional approaches) directed to the solution of the employment and employment-related problems of the economically disadvantaged. Such programs may include provision for supportive and follow-up services.

"(b) Notwithstanding the provisions of section 202 of the Manpower Training Act of 1969, the Director may, after consultation with the Secretary of Labor, carry out activities under the authority of this part which are of the type provided for in subsection (b) and (c) of section 215 of such Act.

"(c) In formulating plans for the implementation of this section, the Director shall consult with the Secretary of Labor, and, as appropriate, the heads of other Federal agencies.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 122. The Director may provide (directly or through contracts or other appropriate arrangements) technical assistance to assist in the initiation or effective operation of programs under this part. He may also make arrangements for the training of instructors and other personnel needed to carry out programs under this part.

"RESEARCH AND EVALUATION

"SEC. 123. The Director is authorized to contract with or provide financial assistance to public agencies or private organizations for research pertaining to the purposes of this part. He shall also provide for the careful and systematic evaluation of programs related to the purposes of this part, directly or by contracting for independent evaluations, with a view to measuring specific benefits, so far as practical, and providing information needed to assess the relative potential of the various approaches employed in such programs for contributing significantly to the solution of employment and employment-related problems of the economically disadvantaged. In formulating plans for the implementation of this section, the Director shall consult with the Secretary of Labor and, as appropriate, with the heads of other Federal agencies.

"SPECIAL CONDITIONS

"Sec. 124. Participants in programs under this part shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employment benefits, except that participants designated by the Director in projects and activities carried out by the Director pursuant to section 121(b) of this Act shall be deemed Federal employees to the same extent and for the same purposes as enrollees in the program conducted by the Secretary of Labor pursuant to title II of the Manpower Training Act of 1969."

(d) The amendment of the provisions of title I–B of the Economic Opportunity Act of 1964 and the repeal of the Manpower Development and Training Act of 1962, as amended, provided for in this section shall not affect any grant or contract entered into pursuant to such statutes prior to the effective date of this Act. Unexpended appropriations to carry out the authorities repealed under subsection (a) and the authorities provided in title I, part B of the Economic Opportunity Act of 1964 prior to its amendment by this Act shall, except as directed by the President, be made available to carry out the provisions of this Act.

EFFECTIVE DATES

Sec. 617. (a) Titles I, III, IV, V (except section 502(a)), and VI shall become effective on July 1, 1970.

(b) Title II shall become effective on July 1, 1971, except for section 201(a), which shall become effective on the date of enactment of this Act.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

We meet this morning for the purpose of considering H.R. 10908, H.R. 11620, and H.R. 13472, bills to establish a revised national comprehensive manpower program.

The Employment Act of 1946 adopted as a national policy the commitment to strive to maintain a total supply of jobs in the Nation. Since that time numerous legislative enactments have implemented this important goal.

Originally it was widely believed that the fault in being jobless rested almost exclusively with the unemployed. But experience has revealed that if people were deficient, so, too, was the system.

The unemployed or underemployed not only lack basic job skills and education, but also are often trapped in the slum-ridden core of inner cities and poverty-stricken rural areas.

Ironically, the most disadvantaged of our citizens are those least likely to know about manpower services. Thus, many of the present unemployed and underemployed are disillusioned. Their training and placement in jobs are compounded by many obstacles such as family and child care problems and legal and credit questions.

According to the 1969 manpower report, about 11 million people were jobless at some time during 1968. Of this great pool of unemployed about 4.5 million are nonwhite. Half are women. Four million are youth under 21 years of age. Three million live in urban slums and 3 million live in rural depressed areas. About 2.8 million persons were without jobs in an average week.

One of the purposes of these hearings is to reexamine our Nation's manpower policy in a rational and unbiased manner. There are many questions which must be asked during these extensive deliberations before we will be able to determine the wisest course of action.

We will want to know the proper roles of the Federal Government, of the States, of local communities, and of the private sector in formulating and implementing manpower policy.

Does the administration bill sufficiently detail how potential participants should be involved in planning or implementation of manpower programs?

And, how can existing educational and training resources be tapped, rather than investing new moneys in wasteful duplication?

On August 12, President Nixon stated in his message to Congress:

> Manpower training is central to our commitment to aid the disadvantaged and to help people off welfare payrolls. Intelligently organized, it will save tax dollars now spent on welfare, increase revenues by widening the base of the tax-paying public, and—most important—lift human beings into lives of greater dignity.

During the course of these hearings we intend to seek the advice of the professional expert and also to reach out to those people who seldom have a voice in the development of legislation which so vitally affects them.

I pledge that these hearings will not deal in broad generalizations that can conceal critical differences. Assessment of labor planning and policy will have little meaning unless focused upon particular occupations, industries, and individuals.

Intelligent action on a national level depends to a great extent upon careful attention to details on a local level. We can no longer abide the trial and error process of identifying problems and grasping at solutions based upon misconceptions or faulty information.

It is my sincere hope that, after careful and conscientious study of these proposed bills, our efforts will make it possible for all who wish to be employed to work at an occupation of their choice with complete dignity.

Our first witness this morning is Hon. George P. Shultz, Secretary of Labor.

Secretary Shultz, I extend to you a most cordial welcome.

I note you have a prepared statement. Before you proceed, I am quite sure that you are acquainted with my colleagues on this subcommittee. They are Mr. James O'Hara, Mr. Hawkins of the State of California, Mr. William Ford of Michigan and Mrs. Edith Green of the State of Oregon, and to my right one of my minority colleagues, Mr. Quie of Minnesota.

Also on my right is Mr. Marty LaVor, and on my left is counsel for the subcommittee, Mr. Dan Krivit.

STATEMENT OF HON. GEORGE P. SHULTZ, SECRETARY OF LABOR; ACCOMPANIED BY ARNOLD R. WEBER, ASSISTANT SECRETARY FOR MANPOWER, AND MALCOLM LOVELL, MANPOWER ADMINISTRATOR

Secretary Shultz. Thank you. May I introduce my colleagues here, Arnold Weber, Assistant Secretary for Manpower, and Malcolm Lovell, Manpower Administrator.

I am very privileged to appear before this committee to discuss the general subjects of manpower legislation. That is especially so because I am aware of the creative and innovative role that this committee and counterpart in the Senate have played over the past few years in the development of this whole field which has been a very rapidly moving effort. I am also aware of the fact that Congressman O'Hara has developed a bill, as has Congressman Steiger, to put our efforts into what we see as a continuing evolution and effort to make the large sums that are now devoted to this purpose really effective in helping the people to whom they are directed.

So it has been in the spirit of continuing development and creative effort in this field that I especially welcome the opportunity to appear here.

Of course, I am going to devote my attention in my statement to the proposed Manpower Training Act of 1969.

Mr. Chairman and members of the committee, I welcome the opportunity to discuss with you the proposed Manpower Training Act of 1969. Through this legislation we hope to lay the foundation for a comprehensive national manpower system—one that can serve the needs of the individual while affording States and localities a major role in manpower planning and program administration.

The Manpower Training Act has evolved from a careful review of our experience with the policies and procedures that have guided national manpower training efforts over the past 8 years. At the same time, the proposed legislation consciously seeks to break new ground.

The act will create a new framework for a constructive partnership between Federal, State, and local governments in the spirit of the New Federalism.

We are confident that this new approach will greatly benefit the individual who needs manpower services. It will also strengthen the institutions of State and local government that have heretofore lacked the tools to cope with critical manpower and economic problems.

This morning I would like to outline the major features of the proposed Manpower Training Act. However, to underscore the significance of the legislation, I think that it is important to describe briefly the development of our national manpower policies and problems that have arisen in the implementation of specific programs.

BACKGROUND AND GROWTH OF MANPOWER POLICIES AND PROGRAMS

From modest beginnings in 1961, manpower programs have grown to major dimensions. They now encompass classroom skill training for the unemployed, work experience for the young and the unskilled, on-the-job training for the disadvantaged in our urban slums, and a variety of other services.

The way these programs arose and the form that they took contributed to a set of problems which have intensified with each passing year.

In looking back we can recognize that the multitude of manpower programs developed around three distinctly separate sets of concepts, objectives, and constituencies.

The first modern manpower programs, the Area Redevelopment Act of 1961, focused on the economic development of depressed areas. The ARA sought to improve local public facilities and provide incentives to attract and establish new economic enterprises.

Limited in scope, the training of depressed area residents was viewed as a supportive service to the process of economic redevelopment.

In 1962 Congress addressed itself directly to the needs of the unemployed worker through the Manpower Development and Training Act. The MDTA was a response to the persistent unemployment that characterized the economy at the time. Such unemployment was largely felt to be the result of pervasive technological changes that were wiping out old jobs and creating new ones.

The solution was to provide the displaced workers with the opportunity to acquire new skills and increased occupational mobility. The persons initially served by the MDTA had a history of occupational attachment and active participation in the labor force.

In 1964 a new set of policy considerations was applied to manpower programs with the national commitment to a war on poverty. The Economic Opportunity Act of 1964, particularly title I-B, made manpower programs not only an instrument of labor market policy but of social policy as well. In essence, this act created a mandate to expand work and training opportunities for the disadvantaged member of our population.

In 1967 special attention was given to the welfare recipient as a target group for manpower services through the enactment of the work incentive program under the authority of the Social Security Act.

Thus since 1961 a complex set of manpower programs has been established, funded by different acts and aimed at different client groups.

Together they affirm a national commitment to manpower policies and programs and have resulted in assistance to some 4.5 million individuals.

However, this pattern of development has also created major problems of concept and administration.

First, there has been a proliferation of categorical programs, each with its own statutory base, funding source, and eligibility requirements.

Such categorization has built-in rigidities that frustrate efforts to allocate resources so that the overall manpower program can be geared to local needs and circumstances. There is an overriding concern with filling available slots for a particular program rather than developing the mix of services the individual needs to become a productive worker and the community requires to cope with local problems.

Second, there has been an excessive duplication of administrative systems for the delivery of manpower services. Some programs are operated by public agencies, others by nonprofit private organizations, and still others by profitmaking companies.

Although some competition and experimentation is heathly and desirable, the duplication of services and agency responsibilities can become counterproductive. In addition, we have also been overwhelmed by the sheer numbers of different sponsors—some 10,000—who deal directly with the Federal Government.

In a typical State, for example, we deal with individual school districts in the Neighborhood Youth Corps in-school program; with city halls and independent community action agencies in the Neighborhood Youth Corps out-of-school programs, and new careers programs; with rural county governments or agencies in the operation mainstream program; State employment services and vocational education agencies in the MDTA-institutional program; the Employment Service and welfare departments with regard to the work incentive program; and with individual employers and unions for MDTA-OJT preapprenticeship and JOBS programs.

Multiply this by 50 States and the dimensions and complexity of the problem become apparent.

Third, I believe that there is an overcentralization of manpower program administration in Washington. To the present, manpower programs have largely reflected Federal initiative and control, with little effort to tap the capabilities of governmental units at the State and local level.

This problem is particularly acute at the local level. The chief elected officials—our mayors and county commissioners—have little control over fiscal resources, program administration, or those mechanisms that do exist for coordination of manpower programs.

Fourth, there have been few effective attempts to coordinate manpower programs with other complementary programs and institutions such as vocational rehabilitation, vocational education, and welfare. The absence of effective coordination has made it difficult, if not impossible for a State or a community to develop a plan that will encompass all the resources that are available—from various sources—to assist the unemployed and underemployed.

Last, manpower policies have not been used effectively to support fiscal and monetary policies in dealing with fluctuations in national economic activity.

By attacking skill shortages and creating constructive alternatives for unemployed workers, manpower programs can help to mitigate some of the undesirable consequences of changes in any dynamic economy.

THE MANPOWER TRAINING ACT

The proposed Manpower Training Act attempts to build upon the past commitments and achievements of the Congress in this area, while addressing itself directly to the major deficiencies described above. The legislation is far reaching and complex but the salient features may be clearly identified.

1. *Program Consolidation.*—The Manpower Training Act will consolidate manpower programs now administered by the Department of Labor, including those funded under the Manpower Development and Training Act and Title I-B, Community Work and Training Programs, and I-A, Job Corps, of the Economic Opportunity Act.

The Office of Economic Opportunity will continue its role in manpower research and program development through a new part B of title I of the Economic Opportunity Act. This authority will strengthen OEO's role in working with the Department of Labor to develop innovative approaches to manpower training.

The Work Incentive Program has been omitted from the bill because it is an integral part of the family assistance plan presently under consideration by the Congress as an amendment to the Social Security Act.

However, reciprocal language has been proposed for the Social Security Act and the Manpower Training Act to insure that the manpower component of the family assistance plan will be linked closely with MTA's proposed system of administration, thus avoiding duplication.

2. *Decategorization.*—The new act eliminates the various categorical programs and provides flexible funding for a comprehensive manpower program in each State and area.

By eliminating categorical programs, we can better direct our resources to the needs of the individual and the community. Each State and local plan can reflect special requirements rather than being warped by predetermined "slots" in particular programs with a predetermined mix of services.

3. *Decentralization.*—The act provides for the establishment of a consolidated manpower delivery system decentralized to the States and metropolitan areas. Such decentralization will take place as the respective Governors and mayors demonstrate an interest in and develop administrative capability to plan and carry out manpower programs responsive to standards established by the Federal Government.

The system of decentralization spelled out by the act permits considerable flexibility. The main elements are: (a) an equitable distribution of resources among the States, cities, and rural areas; (b) the submission by States of annual comprehensive manpower plans responsive to local needs and national guidelines and priorities; and (c) the unified administration of manpower services through designated State and metropolitan area prime sponsors.

A. THE APPORTIONMENT OF MANPOWER FUNDS

Seventy-five percent of the bulk of the MTA's appropriation will be apportioned to the States through a basic formula system with a 90–10 matching requirement. An additional 5 percent will be available to match 2–1 new State expenditures in those States meeting exemplary performance standards. The remaining 20 percent will be retained by the Federal Government for use in national projects, research and development, and Federal administration.

Metropolitan areas (standard metropolitan statistical areas or other suitable areas) will be guaranteed a fair share of the State's apportionment, based on the area's proportion of labor force participants and disadvantaged residents compared with State totals. This special "pass-through" provision in the act assures an equitable distribution of resources to all areas, urban and rural.

The decentralization of program and fiscal administration over these funds will occur in three stages.

First, the State will receive full control over 25 percent of its apportionment when the Governor designates a State "lead agency," and a comprehensive State manpower plan has been developed and is approved by the Secretary of Labor;

Second, the State will assume full control over 66⅔ percent of its apportionment when

(a) A State comprehensive manpower agency has been organized, which will be designated the State prime sponsor; and

(b) In major metropolitan areas, local prime sponsors have been designated by the Governor in cooperation with local heads of government.

Thirdly, the State will achieve full control over 100 percent of its apportionment when the State and its local partners meet standards of exemplary performances established by the Secretary of Labor.

B. THE COMPREHENSIVE MANPOWER PLAN

The State comprehensive manpower agency, local prime sponsors, and area advisory bodies must function together to develop and implement the State's comprehensive manpower plan.

The plan will define the State's need for manpower services in both rural and urban areas. It will prescribe programs to meet that need and set specific plans to relate different programs to each other. After approval by the Secretary of Labor, the plan will be used as the basis for funding the succeeding fiscal year's program. Its multiyear projections will provide Federal agencies with invaluable data for the Federal programing, planning, and budgeting cycle.

The State manpower planning council will be responsible for assembling the State's comprehensive manpower plan. The council will include representatives of State agencies administering or coordinating manpower training, employment, apprenticeship, general and vocational education, vocational rehabilitation, welfare, industrial development, labor, economic opportunity, human resource development, and other related programs. It must also include broad representation from local prime sponsors, typical client groups (including low-income groups) to be served by the programs, and the general public.

Supported by an independent staff, the State manpower planning council will review plans prepared by the State comprehensive manpower agency. Such plans, incorporating local prime sponsors' plans, will cover all activities carried out under the Manpower Training Act.

In addition, the council has the power to review any State plan or plan of service relating to manpower activities under any other Federal grant-in-aid program administered by the Departments of Labor, or Health, Education, and Welfare.

All such plans will be submitted, along with the council's recommendations, to the Governor for his review and approval. The Governor then submits the plans to the Secretary of Labor or other appropriate Federal agencies for final approval.

Local inputs to the overall planning process will be made by local prime sponsors (which I will discuss later) and are advisory bodies. Organized by the local prime sponsor, the membership of an area advisory body will parallel that of the State manpower planning council.

The local prime sponsor will be responsible for the preparation of manpower plans for activities assisted under the Manpower Training Act. Both bodies retain the power to appeal directly to the Secretary if they are not satisfied with the disposition of local plans by the State agencies.

C. STATE AND LOCAL DELIVERY SYSTEMS

Some of the most creative and challenging aspects of the Manpower Training Act relate to the provisions for State comprehensive manpower agencies and local prime sponsors.

The State comprehensive manpower agency—the State prime sponsor—must be directly responsible to the Governor. It will be composed of the State public employment service, the unemployment compensation agency and other State-funded manpower agencies. In addition, at the State's initiative, or by the joint concurrence of the Secretary of Labor and the Secretary of Health, Education, and Welfare, the comprehensive manpower agency may include the vocational education agency, the vocational rehabilitation agency, the welfare department or other agencies supported by Federal grants-in-aid. Thus, the Manpower Training Act provides a framework within which a broad range of manpower and training related agencies can be reorganized into a single administrative structure at the State level.

The State comprehensive manpower agency will receive and administer funds under the Manpower Training Act and the Wagner-Peyser Act in accordance with the approved plans. It will subcontract the appropriate funds to prime sponsors to carry out approved comprehensive programs in major metropolitan areas. In smaller urban and in rural areas it may also subcontract activities to local agencies or carry out such programs directly through its own local manpower offices.

As a first operating requirement, the State comprehensive manpower agency is directed to utilize or purchase the services available from existing Federal, State, and local agencies. These can include the vocational education and vocational rehabilitation agencies if they are not part of the comprehensive manpower agency. However, the comprehensive manpower agency remains responsible and accountable for carrying out the approved plan of service and for the fiscal management of the program.

At the local level the Manpower Training Act lays a foundation for meaningful cooperation between the myriad of municipal and county governments—central city and suburban—which fragment our major metropolitan areas.

The presumptive areas of service will be standard metropolitan statistical areas (or SMSA's), of which the Bureau of the Budget has identified 233 in the United States. An SMSA is that grouping of communities around a major city which constitute its true labor market area. For this reason, we have focused on the concept of standard metropolitan statistical areas as program areas. However, as Secretary of Labor, I would retain the flexibility to alter the definition of the area of service should objective planning and administrative considerations dictate.

A local prime sponsor must be designated by the Governor in each SMSA (or any part thereof) in that State. The prime sponsor has the key role at the local level. The prime sponsor develops the annual plan for all MTA-funded manpower activities. This plan is then submitted to the State comprehensive manpower agency for inclusion in the State plan.

Next, the prime sponsor must administer the manpower services specified by the plan throughout the entire metropolitan area. This can be accomplished both through providing such services directly through its own offices and through subcontracting various components to employers, community action agencies, local employment services offices, and other manpower agencies.

Finally, the prime sponsor must evaluate the effectiveness of each component and the appropriateness of the overall plan.

There are two methods by which such metropolitan area prime sponsors will be designated:

First, the Governor may designate the prime sponsor from among the cities, counties, or other units of local general government within the metropolitan area. In accordance with regulations which I would establish the designated government in most cases would be the area's principal city government. Thus, under this first method, the area's principal mayor would be responsible for administering manpower programs to serve the entire metropolitan area. This responsibility may be carried out through this city manpower agency, community action agency or other designated agent.

Under the second method, local chief executives can agree upon another public or private agency other than the Governor's initial choice. If these officials represent at least 75 percent of the area's population, then the Governor must designate their choice as the prime sponsor. Such an organization, for example, could be the public manpower agency of another municipality or county; a nonprofit, areawide community action agency; a State agency; or a special manpower commission under the local council of governments.

In practice, the designation of local prime sponsors will be a common decision arrived at by the Governor and the principal mayors and county officials of a metropolitan area after thorough discussion. However, unsettled disputes over the designation of local prime sponsors and the scope of the program area may be referred to the Secretary of Labor for final resolution.

4. *Manpower Training as an Economic Stabilizer.*—In order to better integrate manpower policies with national economic policies, we have built into the Manpower Training Act a mechanism that automatically triggers additional funds that could be spent for training programs. The appropriate provision provides that in any fiscal year in which the national unemployment rate reaches 4.5 percent for 3 consecutive months, the Secretary of Labor could spend additional funds on authorized programs equal to 10 percent of the amount then appropriated under the act for that year.

This trigger in the Manpower Training Act is complementary to the extended benefits provision included in the unemployment insurance amendments that were passed by the House of Representatives. When the national rate of insured unemployment has risen to at least 4.5 percent for 3 months—equivalent to an overall unemployment rate of 5.5 to 6 percent—individuals who exhaust their regular benefits would be elegible for up to an additional 13 weeks of jobless pay.

Both of these triggering provisions will serve to cushion some of the shock of a temporary rise in the rate of unemployment that occurs periodically in our economy. Under the terms of the MTA in particular, an unemployed worker could use this period to improve his skills through training. We should strive to minimize unemployment at any time, but if it does occur then manpower programs can provide a constructive alternative for many individuals.

Can our governmental agencies do the job?

That question is put, and put often, and I think it is a fair question for us to face squarely.

The development of an effective Manpower Services System linking Washington with the States and the cities will not be an easy task. It will demand our best efforts at all levels. It will demand new willingness by State and local governments to assume new responsibilities. Will these efforts be forthcoming? I believe they will. There is encouraging evidence that governmental units at all levels are becoming increasingly responsive to the special demands of administering manpower programs.

At the Federal level, we have devoted much effort to overhauling the Manpower Administration of the Department of Labor so it can provide more effective support to field operations. Earlier this year, we reorganized the Manpower Administration by (1) abolishing separate program bureaus and creating a single unified operations arm, and (2) establishing a single line of authority to the regional offices and from the regional offices to the States. These actions should improve communication between the Federal Government and State and local agencies while permitting expanded technical support and monitoring.

At the State and local levels there has been a recent wave of innovation. Many States and localities are reassessing their administrative structures for the delivery of manpower, antipoverty, and welfare services. For example, in Utah a State manpower council has been established by legislative direction. The council's primary mission is to coordinate and plan all manpower programs in the State. In California, a cabinet-level reorganization resulted in the establishment of a new Department of Human Resources Development with overall responsibility for job training and placement services for the unemployed and underemployed. Related developments have taken place in at least 10 other States including Oregon, Michigan, and Illinois. Similar trends are discernible in several major cities. I believe that the passage of the Manpower Training Act would stimulate further widespread action by the States and cities.

THE CHANGING PUBLIC EMPLOYMENT SERVICE

In addition to assessing the willingness of units of general government to assume responsibility for the administration of manpower programs, we have a special interest in gaging the potential effectiveness of the Federal-State Employment Service system. Under the terms of the proposed legislation, it is expected that the State Employment Service will play a major role in the Comprehensive Manpower Agency and the delivery of manpower services at the State and local levels.

It is true that until recent years, the public Employment Service did not focus heavily on the needs of the disadvantaged population; but the same criticism could have been made of other established institutions. In fact, the Employment Security System is adapting to its changing role and mission. These changes have not been uniform, but the shift of Employment Service resources to serving the disadvantaged as well as its traditional clientele is evident.

For example, in fiscal year 1969 over 1.6 million disadvantaged applicants were served by the 2,400 local public employment offices. Disadvantaged applicants accounted for 48 percent of all Employment Service counseling interviews, about 58 percent of MDTA enrollments and higher percentages for other manpower programs. The disadvantaged accounted for nearly 18 percent of all nonagricultural placements in fiscal year 1969. Although reliable statistical comparisons with earlier years cannot be made, we can assume that many more disadvantaged are being helped now than in the early sixties.

There has also been a change in the staffing pattern of the Employment Service agencies enhancing the ability of these agencies to serve a disadvantaged clientele. A recent survey showed that minority group members now make up 14 percent of the staffs of the 50 State Employment Security agencies, up from 12 percent 2 years ago. While overall staff increased 9 percent during the 2 years, minority employees rose 30 percent.

Several other developments provide evidence of the expanded mission and capability of the public Employment Service:

First, the Employment Service has become the key deliverer of manpower services in the concentrated employment program.

Second, the Employment Service is playing an increasingly larger role in our largest program—Job Opportunities in the Business Sector (JOBS). Over 1,000 Employment Service staff will assist employers in drawing up acceptable JOBS proposals and providing followup technical assistance in 1970.

Third, a new employment security automated reporting system (ESARS) is being tested. The primary purpose of ESARS is to provide a reporting system based on individuals served. Data from this system will provide an improved means of "tracking" individuals and will facilitate the future planning and evaluation of programs and operations at the State and local level. Heretofore, this essential data has not been available at either the State or Federal levels.

Fourth, the Employment Service is rapidly expanding its Job Bank System. The first Job Bank was established in Baltimore. Within months, the total placements of disadvantaged applicants increased from less than 20 percent to more than 50 percent of total placements in the geographic area served by the Job Bank. The system uses computers to provide all counselors and placements interviewers in the Employment Service and outside cooperating agencies with a daily listing of job openings in the area which are listed with the Employment Service or these agencies. Our target is to have 54 Job Banks in operation before this fiscal year is concluded and 76 by the end of Calendar 1970.

Fifth, we are moving toward a far-reaching redesign of local office operations that will enable the Employment Service to meet its responsibilities to those who need limited assistance, while freeing personnel and other resources to provide intensive services to those with severe employability problems. The new design will rely heavily on computer-assisted job matching systems.

Lastly, we are making a major effort to provide unemployment insurance claimants with more job information directly from the U.I. office, thus easing the burden on the Employment Service and reducing the average period of joblessness of unemployment insurance claimants. At the moment, we are trying out this approach in five cities.

These changes have been initiated as part of a general strategy and with the active cooperation of the Employment Security agencies. The Manpower Training Act is the crucial legislative ingredient that will give broader meaning and substance to these improvements.

In his manpower message to the Congress earlier this year, President Nixon suggested that manpower training must be looked upon with "new eyes." We have done this and gained a wider perspective on national manpower policies and programs. The overall record of these programs has been positive and substantial in the past. Through the Manpower Training Act we hope to expand these achievements. The ultimate objective of the MTA is not to enter into a period of bureaucratic bliss but to provide more effective services to the individuals and communities that need them. If we do this, and at the same time forge a partnership that will help to invigorate established institutions of Government, this will be a major achievement for the Congress and our manpower programs.

Thank you, Mr. Chairman.

Mr. DANIELS. Thank you, Mr. Secretary, for a very comprehensive explanation of the administration's Manpower Training Act.

I feel that you should be highly complimented here this morning by the presence of so many of my colleagues on the subcommittee. Because of this attendance I am going to limit the questioning to 5 minutes by each member of the committee.

Mr. Secretary, the general thrust of this legislation is to provide for greater State participation in the local programs. Section 104(a) would provide for submission of a program to the Secretary for approval.

The Secretary could, therefore, exercise a measure of control over the program content since the plan must provide for conduct of the program according to rules, regulations, and guidelines established by the Secretary to carry out the general purpose of the act.

How can this provide for a greater State and local role in the management of the system?

Secretary SHULTZ. I think what we seek, Mr. Chairman, is not to, as some people have said, turn all manpower programs over to the State or to the city but rather to create a partnership among the Federal, State and local units of government.

Our feeling is that each level of Government has something to contribute to this process and that the present situation which concentrates all of the authority and control in the Federal Government is not the right way to go about it. We need to distribute this control, so to speak, more widely across these different units of Government.

I think, as the State and local units take hold of this and develop their capacity to plan and administer these programs, the amount of involvement of the Federal Government is likely to diminish. Nevertheless, we feel, and I feel, that it is very important to maintain a role of the Secretary of Labor or the Federal Government in this picture.

Mr. DANIELS. Would he maintain control over the program regardless of what the individual States would do?

Secretary SHULTZ. No, I don't think so. The States would make a plan. In making that plan, the States need to work with the individual cities so that the State's plan is a buildup, you might say, of the various component parts here. That would have been worked out and would come to the Secretary of Labor and for that matter, to the Secretary of HEW, since this would involve units of work outside the Department of Labor. We would look at that and would take part and participate in it.

But I think that the expectation and hope would be that the State plan would be fine and satisfactory as developed.

At the same time, of course, we would put forth national guidelines and priorities and expect people to pay some attention to these.

For example, at the present time, as I noted in my statement, we have a considerable emphasis on helping disadvantaged people through the manpower program.

I would think that would be an appropriate national priority. Or, to take another example, we have a terrible problem of unemployment among teenage Negroes, particularly those living in cities.

Therefore, an appropriate national priority would be to say wherever you have this problem, the people should really address themselves to do something about it.

I think there are these kind of interplays between the different units of Government that are appropriate.

Mr. Daniels. Mr. Secretary, section 104(a)(1) of the administration bill, states that the Secretary of Labor would determine those elements necessary for providing coordinated comprehensive assistance and would require the State plan to provide increased occupational opportunities for eligible individuals.

Who should be an eligible individual is unclear. Would you kindly explain?

Secretary Shultz. I am sorry, I didn't hear the last part of the question.

Mr. Daniels. Who should be considered an eligible individual? It is not clear under the act whether this is to be resolved by the Secretary of Labor, the State, or a local official.

Mr. Weber. The general definition of "clientele" included in the proposed legislation, Mr. Chairman, specifies unemployed, underemployed, disadvantaged, over 16, with the exception that the Secretary can modify this standard where it is viewed as appropriate and necessary.

Mr. Daniels. Who would determine the eligibility of such a person?

Mr. Weber. The Secretary would establish guidelines and eligibility will be determined by the prime sponsor, be that the State agency or the local level within the framework of these guidelines that are established by the Secretary.

Mr. Daniels. The legislation provides in section 102(a)(2) that the area plans prepared by prime sponsors, and not included in the State comprehensive plan, could be so included if the prime sponsor requested and obtained determination of the Secretary after consultation with the Government that the area plan was consistent with requirement of section 104 of the act.

Could this possibly provide for an effective means of bypassing State manpower officials so that the program would be developed directly as a result of consultation between local and Federal Government?

Secretary Shultz. The problem which that addresses is an occasion in which the State government and city government don't agree. It seemed to us important to have some sort of appeal process so that when the Secretary of Labor is considering a State plan, he has before him what differences of view there may be within the State to consider.

And, having those before him, he can then make a determination of what he thinks is the right answer. I think the Manpower Training

Act, addresses the problem directly—the need to develop a much better, stronger working relationship between these three levels of government.

It isn't only the Federal-State relationship that needs development but also the State-city relationship.

There will be difficulties and pains and agonies in that process and this is an effort to address that, recognize it, and provide some way to keep the show on the road as these institutions are developing.

I might say that I think there is a sort of parallel here if you think about this from the standpoint of how do you administer.

There is a parallel here with the problems that we have in labor-management relations. If you have an arbitrator all of the time, then the parties don't work out their differences for themselves.

We want to encourage them to work out their differences for themselves and at the same time, as a matter of absolutely last resort, you can have an arbitrator.

But we think that the arbitrator or the administrator, you might say, should handle himself in such a manner that he encourages people to work these things out within the State and not to place excessive reliance on the Secretary of Labor or some other official to come in and settle things.

It is not designed as a method for having the Federal Government work directly with the local government. The whole thing has to come up in the context of the overall State plan.

Mr. DANIELS. What is that particular situation? Suppose a local community wants a program but the governor does not and there is appeal to the Secretary. Who makes such a decision? Or take another situation—the mayor of a large city like New York wants a particular program but the mayors of the surrounding communities do not. Who would prevail in a situation like that?

Secretary SHULTZ. The second illustration deals with a situation within the metropolitan area. Here the whole thrust of this act is to force, in effect, program planning in terms of the labor market area, the metropolitan area, rather than simply in terms of the particular boundaries that happen to be the governmental jurisdictions that are established.

We want to have the program be coextensive with the practical labor markets so the prime sponsor is appointed through a process that is to reflect that fact, and the plan that is drawn up for that area has to be responsive to the full scope of the labor market.

So the idea is to address that problem and no doubt within any given metropolitan area, as people worry about the central city and surrounding suburban areas and relationship to each other in developing these plans, there will be stresses and strains, but we think this is the path to progress because people have to address themselves to this problem.

Otherwise, they can't come to a solution. The jobs are growing in the suburbs. There are a lot of people who live in the central city. The two things are connected. And having units of administration that don't see that, so to speak, is artificial.

So we want to encourage that side of it. I hope I am being responsive to the second part of your question.

On the first part, suppose the local unit however it works it out has a program that it wants and the Governor doesn't want. What you are posing, I think, is that the Governor and the mayor must agree in general on what is a good thing for this particular city.

However, there is one thing they can't agree on. Everything else is agreed to. That is the example that you posed. The mayor, in this case, wants to appeal his view as the State plan comes before the Secretary of Labor.

Well, in this case, the Secretary of Labor obviously tries to do the best job he can in an objective way of seeing what meets the needs as best he can determine it, based on the evidence has before him.

He does have the ability under this contract to exercise his view on a line item basis, so it isn't a question of accepting or rejecting the whole thing, but rather, you can go to that particular item that was brought up in your example.

We think that is a very important part of the act.

Mr. **Daniels**. My time is up. I will call upon Mr. O'Hara from Michigan. Do you have any questions?

Mr. **O'Hara**. Mr. Secretary, thank you for coming. I wish to join Mr. Daniels to thank you and I want to compliment you on a very brilliant and effective presentation of the administration's bill.

Mr. Chairman, it is now 11 o'clock and we have a number of other members present. I don't believe that I have any questions with respect to the Secretary's statement. I think I understand the administration's bill and what the Secretary has had to say about it.

I would like to ask the Secretary, though, you do envision as indicated in your statement a major role for the State employment agencies, do you not, Mr. Secretary?

Secretary **Shultz**. Yes, sir.

Mr. **O'Hara**. I seem to recollect that a few years ago you were a chairman of a task force that made a study of the State employment agencies, were you not?

Secretary **Shultz**. Yes, I was.

Mr. **O'Hara**. Wasn't Mr. Weber associated with you?

Secretary **Shultz**. He was the vice chairman, I believe.

I have a long history of association with this organization, I might say.

Mr. **O'Hara**. Yes. I think the report would be very useful. Are there any copies of that report in print?

Secretary **Shultz**. Yes, we would be glad to supply it. It was done, I think, about 1966. It was a task force appointed by the then Secretary of Labor Willard Wirtz, and we made a report to him at that time.

Mr. **O'Hara**. Could you supply us with a copy, Mr. Secretary?

Secretary **Shultz**. Certainly.

Mr. **O'Hara**. I ask for unanimous consent that a copy of the report which will be furnished by the Secretary be printed as an appendix to the record of the hearing covering this bill because I think that would be very useful.

Mr. **Daniels**. Is there any objection?

If there is no objection, it is so ordered.

(Appendix follows the completion of the hearings.)

Mr. **O'Hara**. Thank you, Mr. Secretary, for coming before us.

Mr. DANIELS. My colleague from Minnesota, do you have a question?

Mr. QUIE. Yes, Mr. Chairman.

First, I want to compliment the Secretary for an outstanding statement and outstanding proposal to bring together the fragmented manpower programs and get away from the categorical approach which is used to find people to fit programs rather than programs to fit people.

I am also pleased with the effort that you have made to fit this program into President Nixon's concept of new federalism and, since we have a piece of legislation that might come up later this week on the Economic Opportunity Act—I am sure you will be administering more of it more than OEO will—I am pleased that you have developed your own method of States assuming administrative responsibilities.

I think it is very well done and will permit them to assume responsibility as they develop their capability to do so.

I am heartened to see this.

One question I would have is: What determination will you make on a State program to see if it is exemplary or not to enable them to get the full 100 percent, or 75 percent?

Secretary SHULTZ. Yes. We would set up and issue criteria by which we would judge performance and use them as the basis for judging exemplary performance.

We think it is very important to have this element in what you might call the staged incentive for development of ability at the State and local levels. We want to place the emphasis, not so much on how well organized you are, or how good a plan you had by some abstract concept, but really on the outcome. Has the program really performed well? That would be our objective there.

Mr. QUIE. Would you anticipate then that no State would be able to secure the 100 percent the first year? Would they have to prove themselves in that first year?

Secretary SHULTZ. That is correct. They would have to have a performance to look at and on which we could make a judgment.

Mr. QUIE. You have set your criteria of what is exemplary programs after you have seen the experience of some States, or do you have that in mind already?

Secretary SHULTZ. We have been working on that and we have some ideas on that subject. We intend to continue to work with the States and develop a set of criteria that we think are reasonable, workable, usable, objective without being mechanical.

I don't think a sheer mechanical approach is really adequate.

We will develop these as we go along. We have already done a fair amount of work.

Mr. QUIE. What about the changes that occur in the needs for manpower training in a community? I understand this is one of the things you are going to get away from when you get a change from that complete categorization that is presently the case.

Sometime they run a little bit longer than they might need to because they have the funds for the categories and we find the people to fit them.

How do you anticipate the money would be going to the community so they could have flexibility to shift to other training programs without going back really to make justification all the way up the line to you?

Secretary SHULTZ. First of all, of course, they have the annual plan and, in addition to the annual plan, we want to see a projection ahead and get people thinking about their area as it is now. We want them to realize what is needed now—what do they think is going to happen—what do they need to do in light of what may happen.

This is going to be revised each year. The funds, not being categorized, are flexible as they come to that locality. Hence, the community can fit the program content with the needs that it sees and as it evolves.

If, in the light of the operation in a given year, something or other happens that necessitates a shift in the plan, as that always can happen, then we are ready to look at that and let it be changed if it seems to be justified. But we think there ought to be a little feedback mechanism in that.

Mr. QUIE. So is it possible for the State under its plan to have within it the mechanism by which they would approve or disapprove the shifts in the local communities' programs so they would not necessarily have to go all the way to you in order to get approval?

Secretary SHULTZ. Yes, that would be possible as part of the State plan, within some scope.

Mr. QUIE. Is it this scope that would be laid out in that State comprehensive plan that would give them the flexibility?

Secretary SHULTZ. That would be part of the plan. When I was at the university, in budgeting we always had this item labeled "contingency" and we were able to use that with some flexibility.

Mr. QUIE. Then would you expect that the local community or the prime sponsors could also have some flexibility within their plan in which they could move?

Secretary SHULTZ. Yes.

Mr. QUIE. In order to get away from categorization because you could have a danger of this turning out again to be categorization if you don't have this flexibility.

Secretary SHULTZ. Yes, that is correct, and I think we want to encourage, in our manner of administration, the idea of not just getting in a rut, providing the same programs through every year, but rather, in each planning period, we ought to look at the problems in as fresh a way as you can, and have a fresh program approach to it.

Mr. QUIE. The fear that some people have raised, mostly those in vocational education, is that they don't have the assurances which were written into the law in Manpower Development Training Act, institutional programs would be conducted through vocational education.

I know from experience in working with vocational educators that they dislike giving up assurances because we had a hassle here in 1963 trying to get earmarking money.

I think it would be good if you could explain your expectation of the use of money for institutional programs which would be strictly educational programs and the extent vocational education would be utilized.

Secretary SHULTZ. Our presumption would be to utilize them, if they are able, to do the work that the prime sponsor in the plan called for.

I might read from the act here and I think this was covered to some extent in my statement:

> In carrying out programs under this Act the agency, the manpower agency, shall be required to the fullest extent possible to utilize those services and facilities under this Act which are available from State, Federal, and local agencies.
>
> Where facilities financed under other authority are not available, the manpower agency shall be required to the fullest extent possible to purchase use of facilities and services from Federal, State, and local agencies where available at reasonable cost.
>
> The agency may also make appropriate arrangements to utilize services and facilities of private agencies, organizations, and businesses.

So there is a strong presumption of purchase of service there.

Mr. QUIE. I know my time is up but may I finish this one subject with one question.

The last question is: You are giving responsibility to an effective government or State agency to make the determination to the extent to which vocational education would be utilized in this State as they judge particular capabilities of vocational education rather than making a national judgment of requirement that every State utilize vocational education.

Is that the understanding?

Secretary SHULTZ. The pattern of what would happen would no doubt vary by State. The act permits that. There will be some States where the Governor has the ability, and the wish, to include in the manpower agency vocational education and/or vocational rehabilitation. He can do that if he wants to. It is up to him.

By the same token, if the Secretary of HEW and the Secretary of Labor together want to do it, let us say the Governor wants to but he needs concurrence, then they can do it.

However, it is not necessary in order to have a plan qualified.

At the same time, we would create by this act, in addition to the manpower agency, a planning council. The planning council must have on it vocational education, vocational rehabilitation, and so on.

That council reviews all of these plans. The objective is to see that there is some place, in the State, where what is done with this manpower money is judged as a coordinated proposition with what is happening with all of the other various kinds of related manpower type funds. This will insure that the whole thing has a chance of hanging together.

That is, of course, at the planning stage as distinct from the operating stage.

Mr. QUIE. Thank you, Mr. Chairman.

Mr. DANIELS. The gentleman from Michigan, Mr. Ford, do you have questions?

Mr. FORD. Thank you, Mr. Chairman.

I would like to join my colleagues to welcome the Secretary here and thank you for this explanation of the administration's plan.

I would like to observe that I have been fascinated, as have many others, with the term "federalism." You have given me a new definition here and I am afraid it is going to come as a great surprise to our States' rights advocates who thought all of the time that it was something they wanted.

As I gather the total thrust of what you are doing here is suggesting that the Office of the Secretary will draw guidelines, these guidelines will then direct the structuring of State agencies that will ultimately have the overall control of all manpower programs within that State, whether they are funded by Federal funds or from other sources.

In that correct?

Secretary SHULTZ. As distinct from any guidelines by the Secretary, the act sets up this structure in a general way and specifies what must be in the program at the minimum, and what can be included at the option of the governor. It specifies requirements for the operating agency and what has to be part of the planning agency.

This is a part of our effort to assure that you get comprehensiveness and interrelatedness of planning. That is part of the act.

The natural priorities and guidelines would be programmatic, you might say, as distinct from the institutional arrangements through which any program flows.

Mr. FORD. I am interested in structure now because the first part of your statement says the greatest weakness in the present proliferation of programs is that there is a contracting arrangement between the Federal Government and all the variety of areas of government across the country.

I gather that you would narrow that down to 233 standard statistical areas that you mentioned plus the States and any special areas that you might find were peculiarly distinct from the standard statistical areas. Presumably we could be back up to several hundred different arrangements.

But the one thing that you direct here as a condition to a State assuming control over these programs, even two-thirds of the control, is that a State Comprehensive Manpower Agency shall be created.

Then you say that as Secretary, you will direct what that State manpower agency is supposed to encompass in terms of its areas of responsibility.

Do you envision accepting as a State comprehensive manpower agency an agency that was set up only to administer Federal programs while some other variety of agencies administer State-funded programs?

Secretary SHULTZ. The State comprehensive agency would include, for example, the unemployment compensation agency. Unemployment insurance is a Federal-State system.

Mr. FORD. Do I understand correctly that what you are saying is that to comply, a State would have to come to you showing that they have created a State comprehensive manpower agency that administered all manpower and allied programs including those now handled by the State educational agency, which as you describe it, could coordinate them.

In other words, in a State like New York where the Federal contribution to manpower constitutes a very small portion of the total cost, the legislature, in order to assume control over two-thirds of the Federal funds coming into that State, would have to confer on the governor the coordinating authority for all of the existing programs including educational programs that might be related to manpower training?

Secretary SHULTZ. I would like to ask Mr. Weber to comment on that and then, if I could, I would like to come back to the first part of your statement about the multiplicity of agencies and make a comment on that.

Mr. WEBER. The general framework to the establishment of State agency, Congressman Ford, is specified in section 102(a)(1), and what it says is that a State Comprehensive Manpower Agency shall include State public employment service and unemployment agency and agencies established by State law administering manpower programs and manpower components not assisted by Federal grants and aids.

Mr. FORD. Except that in response to Mr. Quie, it was indicated this would include vocational education.

Mr. WEBER. No, sir. There is a mandatory group of agencies that has to be brought together in a comprehensive plan.

Mr. FORD. Is vocational education included in the mandatory group?

Mr. WEBER. No, sir, that is at the discretion of the Governor or jointly with concurrence of the Secretary of Labor or Secretary of HEW.

Mr. O'HARA. But it is mandatory when the Secretary of Labor or the Secretary of HEW decides?

Mr. WEBER. Yes, but there has to be joint concurrence.

Mr. O'HARA. It might not be mandatory, depending on what the Secretary of HEW or Secretary of Labor decide in their own private conversations?

Secretary SHULTZ. To put it another way, it could not happen if the Secretary of HEW did not want it to happen.

Mr. O'HARA. But if you both want it to happen, it becomes mandatory?

Secretary SHULTZ. There is another aspect of this that might be confusing. There is a manpower agency that is an operating agency and then there is the planning council. Those are two different units.

On the planing council the vocational-education and vocational-rehabilitation must be present. That does not have discretion over what they will do but it is a way of saying that all of these units get put into the same place and have to look at their plans in a coordinated fashion.

Mr. FORD. You cite my own State of Michigan as one of the 10 that made some progress toward getting a coordinated manpower agency.

With all due respect to the colleague sitting to your left, for whom I have the highest regard, both for administrative ability and very effective political activity—that is a personal reference and I mean it complimentarily—we haven't done a damn thing in Michigan that anybody could really point to with pride in terms of coordinating the separate efforts of the Federal funding programs, State funded programs, county funded programs, and city funded programs, and the educational funded programs which run the whole range of categories of support.

We have done some things in terms of providing advice and consultation but there is no agency that is actually administering any mix of programs such as you concede here.

You can't get such an agency in the State of Michigan, by having a forward-looking governor sit down and write a man and say, "This is how it shall be," particularly when in your bill you attach the matching of Federal funds with State funds as a condition to receiving the money.

That means the State legislature is ultimately going to have to make the decision on creating the structure and making the necessary transfers of jurisdiction into this central operating agency.

I am fearful that this is further than we have ever gone at the Federal level in trying to tell a State legislature how they ought to structure the administration of a program in their State.

How do you do it at the State level? For example, how does Governor Rockefeller, in his State, make a determination such as you indicated that the bulk of the funds should go into New York City because that is where the problem is. I understand you would give them that kind of flexibility and then turn around to a State legislature which has been as unresponsive to the needs of New York City as the New York Legislature has traditionally been, and say at the same time, "I want you to put all of the money into New York City but I want you to restructure all of our State finance programs so that the same people will be running them."

There is going to be a kind of natural fear, it seems to me, on the part of that and other legislatures that the mayor of New York is going to run the manpower program.

When you talk about mixing up standard statistical areas with local mayors and you say the principal mayor would be the logical person to run the program, I will take you back to Michigan again.

I don't know how the people out in O'Hara's city are going to feel about the mayor of the city of Detroit deciding which direction manpower training should take. I am sure you are aware, because you have touched on it, of the great competition between the central city or principal city and its environs for the location of new industry.

The school districts fight like the very devil to get more tax base. It seems to me that you are suggesting that we at the Federal level get right in the middle of that fight. You are asking all of the mayors, of about three or four counties surrounding the city of Detroit including the county that Detroit is in, to pick from their midst a mayor that they would trust to pattern these programs so that there will be some equal distribution as to need between the unemployed in the suburban and semirural areas and unemployed in the city.

You are asking a tremendous amount of the mayor of the city of Detroit because I suspect that if he goes very far in the direction of meeting the demands that are going to come from the peripheral cities, he won't be the mayor the next time around.

By the same token, if the mayors in the peripheral cities go too far in endorsing the power of the mayor in the central city, they won't be around the next time.

It is unfortunate that we have reached this stage in modern development, but I don't understand how we can be helping this already volatile situation by imposing the Federal Government on them.

Mr. Daniels. Thank you. Your time is up. Perhaps the Secretary would desire to comment on your remarks.

Secretary Shultz. Well, I kept count for a while and I would say there are about 150 questions that have to be answered.

Mr. Ford. That gives you some idea of the magnitude of my confusion.

Secretary Shultz. May I say the magnitude of the problem, and

I think you have touched on a wide variety of the points that are critically important.

I agree with you. I think my statement suggested this—that the problems we have to deal with in the manpower area, are very important problems and the solutions to them are not going to be easy to find in local areas.

We think that what is called for here is a real active creativity in the localities and States along with the Federal Government, in making this work well.

I think you would probably agree with me that whatever the tensions between, say, the suburbs and the city, the fact of the matter is that these are attached economic units and that is all there is to it.

There is no way that various mayors and county commissioners can get away from that ultimate fact.

So we are saying let us face up to it and let us see if we can't provide some incentive and provide some tools with which, if people want to work together, they can. This ought to encourage a better partnership at that level and at a higher level.

Mr. Ford. If they don't face up to it, what is the consequence? Do they lose the Federal program?

Secretary Shultz. No. All we have provided here is a set of incentives for people to structure themselves, get a planning mechanism, get some administrative capacity, look at these problems.

If they just can't face it, the money goes to the State and is passed to the city in any case. It is just that it is administered the same way it is now, essentially by the Federal Government, but as soon as you have a plan, that is the incentive here, a plan and administrative capacity, then they take over.

That is related to your earlier comments about the myriad of contracting arrangements. We want to get away from that so when we wind up with the State of Michigan, they have, let us say, created these various agencies and they are working through the plan. Then, basically, what we do is approve the plan working with them. Say we approve that plan and their capacity to operate well, then the State of Michigan, through the various prime sponsors that are designated in the plan, administers this money and writes the contract.

Mr. Daniels. Mr. Secretary, at precisely what stage are the 66⅔ percent funds given?

Secretary Shultz. Well, here are these three stages. There has to be a delivery system in order to get to the two-thirds level.

Mr. Daniels. First, the State indicates desire to come in and participate in the program and gets 25 percent. Then when does the 66⅔ percent stage occur?

Secretary Shultz. The first part they have to designate a lead agency, so they are starting.

The second part—they have the mechanics in place to make a plan and carry it out. They have the planning mechanism, they have the administrative mechanism set in place, the prime sponsor is identified, and so forth. That is part of the plan. Then they have two-thirds.

At that time they are actually administering a very large flow of funds relative to that State and so, at that point, we can begin to say, all right, plans and administrative arrangements are one thing, how about performance.

Of course, we are looking at performance all of the time, but now we have a chance to lift that up and make it the major element in moving to the 100-percent level.

Mr. Daniels. But you haven't answered specifically when the 66⅔ percent is delivered in hand to the State, to the governor for distribution in that State. I would like to know specifically when that occurs.

Secretary Shultz. It occurs when they have a plan which is approved by the Secretary of Labor. That plan, of course, includes not only the program for what ought to be done but also the administrative arrangements throughout the State to get it done. We think this will work.

I can put it more technically but I think that is the essence of it.

Mr. Daniels. Thank you.

Does the gentleman from Michigan, Mr. Esch, have a question?

Mr. Esch. Thank you very much, Mr. Chairman.

Mr. Secretary, I, too, join with my colleagues in welcoming you here today and also complimenting you and your staff for what I think will be a monumental contribution in the area of manpower training.

There are two major concerns that I would like to address my questioning to which are related to your testimony but I think are recurring concerns to this committee.

First of all, it is my understanding that you have placed great emphasis upon the utilization of the employment service as a delivery vehicle and historically and empirically, the employment service has perhaps not been the most significant contributor in the area of job placement, in the area of counseling, and in the area of job identification.

You have given specific testimony indicating that is changing but I would like to get into a little dialog with you to have some specific assurances to how much that is changing, to what degree has the pattern for effective counseling within the employment service been changed within the past year.

Secretary Shultz. I would say the employment service, even today, is a very different organization than the one that I was working with, let us say, in the late 1950's, trying to figure out how displaced meatpacking workers could get themselves jobs in some given community.

The coming of these various manpower programs and stages that I have described in my testimony has changed their mission and outlook. While there is still a lot of ground to be covered, there have been significant changes.

As a measure of change, I could point out, in terms of personnel, there now is a much greater representation of minority groups in the employment service itself.

Second, you may look at the flow of clientele through the employment service. You see a very much higher proportion of disadvantaged being served in various categories—counseling, the training programs and so forth.

Third, they are changing methods of operating and making use of the modern information technology through computers. We are working very hard on that and it is a strong, exciting development.

Mr. Esch. May we interrupt and ask you to what degree do you have any beginning evaluation of how successful the job bank concept is?

Secretary **Shultz**. We think it is a development of extraordinary importance. It has worked well in the city where it has been applied and has had a chance to get itself established.

The first one was started in Baltimore about 18 months ago, and it had a rather dramatic experience there. We are now up to the eighth installation, and we expect to get 54 additional ones going by the end of the year.

So we are pushing on this very hard and the results today, as well as the theory of it, suggest that it should be quite effective.

I might note also that this new ESARS system implies a different way of thinking about the work of the office in terms of individual people rather than in terms of functions.

You don't worry so much about how many individual people you register to counsel and serve but rather, you say, "Here is this person, what happened to that person, what took place there?"

When you look at it that way, we think you are making the whole process more effective for the individual as distinct from making just a record for the office.

Mr. **Esch**. I think it is important to give assurances to this committee that the employment service of 1966 is not the same as the employment service of the seventies. Equally, the function has been on individuals and attempting to counsel to relate them to the work and to follow through with them.

I hope that this is a new thrust.

Mr. **Weber**. I was going to add, Congressman Esch, that although the proposed bill does say that the employment service is presumptive deliverer of manpower services, as the Secretary indicates, we think it is changing and we thing it is going to be able to assume these responsibilities.

It does not have a monopoly. That is, if it does not perform and there is objective evidence that demonstrates this, you can get alternative deliverers of services and everybody understands that.

Mr. **Esch**. There is another major area of concern that this committee has had collectively and that was related to by the gentleman from Minnesota, Mr. Quie. There has been a major dichotomy on the national level, again, vocational education and manpower training, and this has permeated down to the local level and perhaps it is the heart of our problem that the failure to weld the educational community as it relates to the work and the adult manpower training program, I quite frankly see nothing within this comprehensive manpower training program to overcome this major fallacy of two directions, and I am vitally concerned that we might find a way, that this committee might explore the possibility of even more explicit recognition of the need to utilize vocational education within the K through 12 or community college structure and manpower training.

I would like your first reaction, Mr. Secretary, would you look with disfavor if the committee takes the manpower training program and attempted in some way to place a special emphasis on the need to coordinate the manpower training program with local K through 12 or community college vocational educational program?

I know you have reference to it in the legislation but it seems to me it doesn't have as high priority as it might have.

Would you like to comment?

Secretary **Shultz**. In the development of this act, we worked very hard with the HEW to develop a mechanism that will lead people to plan at the State level for the use of the various funds, vocational education, vocational rehabilitation manpower, in a manner that is consistent—the one with the other. We also hope to encourage the advisory bodies, at the city level or community level, to achieve the same thing.

At the same time, I think it is important that the one not dominate the other and I believe the concern was expressed, and I agree with it, by the vocational education people.

They in effect said, "Our world is a world of education. We want to think about vocational education in terms of the person coming through the school system. That is our primary concern," they said.

Now, at the same time, this system of vocational education is the place where we would purchase services for the adult population for whom we will say remedial work is being done. That is the plain thrust of the Manpower Act. But they don't want to have a situation, as I understand it, where these remedial needs dominate the inschool system needs. And, of course, we, I don't think, can subscribe to the notion that the funds appropriated, essential to do remedial work for the adult population, are diverted from that use into the development of the inschool curriculum.

That is an important problem but it is a different one and you need to address that in its own terms.

I think what we have tried to do is to recognize these different objectives and to create administrative and planning mechanisms that will encourage better articulation at the local and State level, as well as the national level, of these programs with respect to each other.

I think this is important to do, just as it is important to recognize there are somewhat different problems involved.

Mr. **Esch**. May I add one word of comment, Mr. Chairman?

I appreciate your comments, Mr. Secretary, and I still feel, however, that recognizing where the nature of the problem of remedial work is, that it is within the nonwhite population between ages of 16 and 22, basically.

Any truly comprehensive manpower training program must not wait for a remedial program but must involve the schools beginning at age 14, 15, 16, and I am very much concerned that we don't lose sight of our objective.

I don't see them as a dichotomy.

Thank you very much, Mr. Secretary.

Secretary **Shultz**. I accept that to a degree. But remedial work is always going to be with us even though the school system does a superb job because there are changes going on in the labor market all of the time.

I think that is certainly a fact of life for at least a long period of time.

Mr. **Daniels**. The gentleman from California, Mr. Hawkins.

Mr. **Hawkins**. Mr. Secretary, I, too, wish to commend you on a very excellent statement. I have just two or three questions.

First, with respect to the concept of using manpower training as economic stabilizers. My understanding is that it provides that when the national unemployment rate leaves 4.5 for 3 consecutive months, the device operates.

In connection with that, in what way will this help those groups who are now in poverty pockets, minorities, and others, whose unemployment rate has exceeded this by twice over for more than 3 consecutive years, as a matter of fact, all of their lives?

In what way will this type of economic stabilizer be of any assistance then to these groups who are perhaps the most disadvantaged and those who certainly need help, not tomorrow, but today?

Secretary SHULTZ. That particular provision is no substitute for direct attention to the problem you refer to and which should get high priority attention in the operation of the Manpower Training Act, which is fundamental and basic flow of work.

The economic stabilizer part of the bill is a kind of add-on to this basic flow of work and which would have a strong thrust in the direction you mentioned.

Mr. HAWKINS. Do you believe some formula could be worked out whereby these well defined areas could, prior to that time, be given this economic stabilization and not depend on some vague undefined special program that never somehow takes place?

Secretary SHULTZ. Yes, sir; I think it can. As a matter of fact, we have tried to do that in the Manpower Training Act. The device for it is essentially directing funds in terms of a formula that includes the relative proportion of the so-called disadvantaged in that State or area.

Mr. HAWKINS. Would you consider this one of those appropriate and natural priorities that you refer to that would receive special consideration under the comprehensive manpower proposal?

Secretary SHULTZ. It is part of the formula that is proposed in the act.

Mr. HAWKINS. Mr. Secretary, certainly this type of proposal has been suggested before but there is the persistent unemployment situation that is getting worse rather than better and nobody seems to come up with any implementation of the proposal.

I hope that you propose to implement it better than it has been thus far.

Secretary SHULTZ. What we are talking about in this act, of course, is essentially the method for that which you do.

A separate question is "what should be the level of activity that you should apply to this general area of work? How much money should be appropriated for it?" That is another issue and one we talk about in our Appropriations Committee hearings. Still another issue is your view of this national trigger in the event that the level of economic activity changes.

Mr. HAWKINS. The second question, you made no reference to special impact programs.

I assume that they, too, would be coordinated, wherever programs are delegated to the Department of Labor to operate, that they would also be brought into the comprehensive plan?

Secretary SHULTZ. The special impact program, I assume you are referring to that as a technical name, is in OEO, not in the Department of Labor now, and would not be consolidated in the Labor Department now.

It would remain in OEO.

Mr. HAWKINS. You are not administering those programs in delegation of (1)(d)?

Secretary SHULTZ. We were, but we are no longer doing so. That has been returned to OEO to administer.

Mr. HAWKINS. Assuming that you do retain such programs under delegation, they would be brought in, is that your idea?

Secretary SHULTZ. First of all, we are not seeking to have that. We don't think that is in our jurisdiction, really. It is an economic development type of program. That is why we didn't have it. Of course, as a given area makes up its manpower plans for the use of manpower funds, it is going to be looking at the development of its own local economy and what sort of needs there are.

To that extent there would obviously be coordination.

Mr. HAWKINS. I have a clipping from the Los Angeles Times of December 4 pertaining to nine companies that were given better than $5 million presumably by the Labor Department and had employed only 199 persons.

Are you acquainted with that problem?

Secretary SHULTZ. Yes, sir.

Mr. HAWKINS. These were special impact programs in which these several companies had been pledged $7,908,000, nine companies involved, and they were to employ 3,426 persons but have thus far employed only 199.

In what way will this proposal get to the bottom of such problems as that in which we are giving to companies the money to train individuals and apparently they are doing everything but training individuals?

Secretary SHULTZ. Those contracts were awarded by the prior administration at the national level.

We have been working on them to see if some better results could be obtained. We don't think that the performance is very good, frankly. We are very dissatisfied with it. It is not our doing and we think it is wrong.

Mr. HAWKINS. I am fully aware that these contracts were signed prior to your time and I am not trying to saddle them on you.

I am simply trying to find out whether or not this type of a situation is going to be changed, whether or not this money which is being made available to train the hard-core unemployed are still going to be given to companies to merely use the disadvantaged as an excuse but primarily to expand their operations. Also I would assume in this instance that there are those who obtained a commission for having obtained the contracts for the companies involved. As I say, I know it was before you became Secretary, but it seems to me this type of program should be better monitored and certainly if this new program is to be instituted, there should be adequate safeguards from preventing this type of thing from recurring.

Secretary SHULTZ. I agree with you. Under the Manpower Training Act, of course, you would not be administering these special impact type of programs.

That would be in OEO. However, the thing we are trying to get——

Mr. HAWKINS. You will get this under the JOBS program under which you are assigning contracts to private companies.

Secretary SHULTZ. To the extent manpower money is being used by a private company but involved in another way in a special impact, since manpower money is involved. The structure of MTA would be different than it is now in that such a thing would happen with local involvement, so the local people are going to have a look at this as well as ourselves and the States and see what is going on as distinct from what happens; namely, a Washington program that was written up in Los Angeles which didn't get anywhere.

Mr. Hawkins. Mr. Secretary, I would have greater confidence if we did have more Federal control. I disagree with the whole theory of returning to agencies, the State and city of Los Angeles in particular, any operation of this program, because I don't have any confidence in it.

Secretary Shultz. But this example that you brought up, that blame needs to be shouldered entirely by the Federal Government. That is our mess, lock, stock, and barrel.

Mr. Hawkins. I would certainly hope that by returning it to the State and local governments you aren't going to get into a larger mess than this because I wonder who is going to do the monitoring. If you are going to monitor the Federal money, then I would have greater confidence that what you are doing is correct.

Secretary Shultz. We think we will be able to do a better job of monitoring, technical assistance, and so on, and administer the MTA structure so you will have a better articulated system of checks and balances.

So it isn't just the Federal Government and for that matter it isn't just the city government or State government.

It is an effort to get an articulated system involving all three.

Mr. Hawkins. Thank you, Mr. Secretary.

Mr. Daniels. The gentleman from Texas, Mr. Collins, do you have any questions?

Mr. Collins. Mr. Secretary, I am very much concerned with this bill. I think this manpower development bill is one of the finest programs that you have in Congress.

I am concerned as to what extent we can implement it. I am concerned with the unskilled labor situation as such and this we have discussed in the findings and purpose of the administration bill.

We use language in sections 3 and 6, where we refer to assisting workers to improve their skills and advance to more demanding employment. We use the term "more demanding employment."

Over here under section 6, we say "Develop capacity for self-support by public assistance recipients." The manpower system may assume special accountability for upgrading these persons.

We have in this country today a feeling about what is dignity in employment. The other day I read where a group said they would never accept jobs of a certain type which they considered demeaning jobs, being a domestic, doing maintenance work, working for city sanitation, filling stations and grocery clerks, or such jobs as that.

Let me start by asking, is there anything lacking in dignity in honest employment of any type?

Secretary Shultz. When you say honest employment, that is a broad term and if you say of any type, that is also pretty broad.

So I would like to have some examples.

Mr. COLLINS. Take some of these jobs that people have questioned as lacking dignity like being a domestic or working in a filling station or acting as a cleanup man in a hospital, or washing dishes in a restaurant.

Do those jobs lack dignity?

Secretary SHULTZ. Not inherently. They may lack dignity in some cases if they are administered in a manner that is careless of the human being involved. Let me say, when you look at categories of employment where wages are very low, speaking now in economic terms, people don't pay much attention to a source that is very inexpensive and sometimes use it carelessly.

Mr. COLLINS. Right here we are talking about public assistance recipients. Let us take someone who is on welfare today. If they turn down a job of this nature, would you feel it your responsibility in the Department of Labor to train them as a sheet metal or electronics engineer, or technical person, if they turned down a job of this type?

Secretary SHULTZ. The approach that we would take under the family assistance plan would be to have each registered individual have an employability plan developed. That employability plan would take into account the kinds of job openings available, the situation of the individual, the individual's ability and training, the family situation, the time that can be made available by that individual, and a lot of other factors. Thus, a plan for that person's employability would be developed.

Then the problem is to get that person employed. Now, sheet metal work is suitable for some people and not others. It is available in some communities and not others.

So I don't see anything especially magic about sheet metal work.

Mr. COLLINS. Our problem here is the unskilled workers who have no background of any type.

I am wondering whether or not it is necessary for them to move into a technical field first or whether you have any responsibility for people who turn down an interim job in the meantime?

Secretary SHULTZ. I think the general way in which people learn skills is on the job. You have training that gets them a step on the job ladder at some place. You don't expect to take somebody who has no skills, no labor force experience, or attachment, and qualify that person directly into some upper echelon job.

You try to get that individual into some general line of work for which he or she has some aptitude and they get started.

They generally will get started at the first step in the job ladder.

But we think it is a matter of great importance to be able to say to people, "If you will work at it, if you have some ambition, you can get ahead."

We are going to accompany our efforts to get disadvantaged people—let us say—into jobs and help them get upgraded if they have the ability for it, if they have the ambition for it, and the desire for it.

We think this desire of upgrading is a very important idea to get into these programs and we are working, for example with the National Alliance of Businessmen in the JOBS program. They are very much in agreement that we need to give a lot more attention, in that program, to the upgrading concept so the people don't get impacted into these jobs and so they will have a chance to move ahead.

Mr. COLLINS. In upgrading, you have no objection to encouraging people and would you be inclined to encourage people to take the level of job that they are now able to hold?

Secretary SHULTZ. Certainly that is the level of job that they are able to hold.

Mr. COLLINS. A very unskilled simple job. Any job is better than nothing.

Secretary SHULTZ. I won't just buy that offhand—that any job is better than nothing. I won't buy that.

Mr. COLLINS. Which honest job is better than being jobless?

Secretary SHULTZ. I can conjure up employment situations that would expose people to hazards; that would expose them to a lack of dignity in a manner of supervision; that would pay very minimal amount covered by the minimum wage, and so on. Such as those I won't consider to be better than nothing.

Mr. COLLINS. If a man were unemployed, the fact that if he could take $2 an hour, he shouldn't take it?

Secretary SHULTZ. You said any job and now you have switched it to $2 an hour.

Mr. COLLINS. That is the minimum.

Secretary SHULTZ. Now let us be more specific and let us describe a job that you might expect a person to take.

Mr. COLLINS. Let us start at $2. Grand Prairie has sanitation trucks and when they got the wetbacks that come in from Mexico and Immigration pulled them off and sent them back to Mexico, they didn't have anyone riding on sanitation trucks because people didn't think that job had dignity and yet here was a city of 50,000 people and it was a real crisis.

Is there anything lacking in dignity of working on a sanitation truck, or is $2 not acceptable wage, or is there any reason why people should not be encouraged to take that job?

Secretary SHULTZ. There is a famous economist named Adam Smith, who wrote a book on "The Wealth of Nations" and he has some very interesting material about labor markets and how they operate.

He describes the process by which somebody might be attracted to a given job as involving "The net advantages on that job as compared with other jobs."

Now, in other words, when you consider taking some job, sanitation department job, we will say, you consider that in terms of its net advantages and disadvantages.

It has the advantage that it pays $2 an hour or whatever you say it pays. It has the disadvantage that you are constantly involved in very smelly material. And people have different ideas about what they want to do. So as people evaluate these different jobs and what is available to them, they may choose not to take these jobs that are physically burdensome or unpleasant.

I will make a public prediction that as we have a labor force of higher and higher levels of education and as we continue to have jobs in our society like sanitation trucks and such work, we are going to have to wind up paying a lot more for unpleasantness, so to speak, than we do for some degree of education. There is going to be, and I think gradually there is already taking place an inversion of what we normally think of as the wage structure.

Mr. **Daniels**. The gentleman's time is up. We have one more member of the subcommittee who should be afforded the opportunity to ask some questions.

The Chair proposes to continue the questioning and answering period until a quorum is called in the House which will be sometime between 12 and 12:30.

I would like to make this suggestion, however, that in the event any member of the subcommittee desires to propose some questions to you, Mr. Secretary, that they be submitted to you in writing, and will you be kind enough to answer those questions?

Secretary **Shultz**. Yes, sir; I would be delighted.

Mr. **Daniels**. And they will be inserted as if asked at this hearing.

Secretary **Shultz**. Yes, sir.

Mr. **Daniels**. Mr. Burton.

Mr. **Burton**. As I understand the Administration's bill is bill H.R. 13472 by Mr. Ayres for himself, Messrs. Ford, Quie, Ashbrook, Dellenback, Ruth, and others; is that correct?

Secretary **Shultz**. Yes, sir.

Mr. **Burton**. Mr. Secretary, I have been under the impression that you played a very constructive role in the development of the Administration's family assistance program.

Would you very briefly describe to us your view of the Labor Department's input as it would relate to what we would be doing here with the Manpower bill?

Secretary **Shultz**. The family assistance plan and Manpower Training Act need to be looked at as coordinate operations in order that the training aspects and the job placement aspects of the one be consistent with the other, and that we don't create another set of administrative separate arrangements of one kind or another.

We have taken care to draw out the proposed language in such a way that they are coordinate and that the administration of the training and working aspects of the family assistance program would flow naturally through the administration arrangements set up by the Manpower Training Act.

We won't have to set up new and different things. We have taken special interest and care on that. It is certainly related to the Manpower Training Act.

Mr. **Burton**. Will you develop for us the $720 notion that is in the family plan and relate that, if it can be related, to the possible $30 a week allowance, or is it a month, in the Ayres bill?

Secretary **Shultz**. They propose two different kinds of questions. In the family assistance plan, you have people who are receiving welfare. They are not workers. They are receiving assistance.

We want to provide incentives such that people will be encouraged to support themselves, at least certain categories of people, perhaps not everybody, depending upon the family situation involved.

At the same time as we administer a work test to certain people and say "you must under certain conditions support yourself and work," we want to be able to say "if you work and start earning money, you will be financially better off than if you just received welfare."

In order to achieve that, two kinds of things have to be paid close attention to and they pose, I think, extremely difficult problems for a measure like the Family Assistance Act.

You have to pay attention to the rate at which welfare payments are reduced as income rises for, if you reduce the welfare amounts too rapidly, you take away all incentive to work.

Now this $720 idea that is in the family assistance plan is designed to give a big leg up on that and to say that you pass through that amount before there are any reductions at all, so there is, in a sense, no tax on that amount.

That is related, as well as this incentive idea, to the fact that it costs something to go to work.

If you are going to sit at home, you don't incur the expense of transporting yourself to and from work. We can think of a list of expenditures, which require some extra here. A person could be worse off by securing work instead of better off, and we want to avoid that.

Mr. BURTON. Let me restate by way of speculation what appears to be one way to look at these two matters.

It appears as if in the work training and family assistance you are allowing the same dollar amount of $30 a month perhaps, but in the family plan, you are in effect permitting another $30 a month or $1 a day for job expenses.

Is that one way, but perhaps not the precise line of reasoning, for you to justify the difference between $30 training allowance here and $60 a month annualized in the family program?

Secretary SHULTZ. The training incentive is an add-on to the welfare payment as a person goes into training. The exemption, $720, is an exemption of income earned in consideration of how much you are going to reduce the welfare amounts.

So one envisages the setting of somebody taking training. The other envisages the setting of somebody at work and receiving income.

You have two different problems to deal with.

Mr. BURTON. Now, there is one point that we may find ourselves in some disagreement on as the bill evolves. You permit an add-on to public assistance, do you not, at $30 a month?

Secretary SHULTZ. Yes, that is apparently in the WIN program and that is carried forward in the plan.

Mr. BURTON. Some of us may think that $30 ought to be brought in as outside income and ignored, and let the public-assistance program proceed with whatever its allowances are—rather than constructing them the way they are constructed now. Because, as I understand it, among other things, this additional allowance is paid for and really appears as a public-assistance expense, does it not?

Am I incorrect on that?

Secretary SHULTZ. As to where the money actually comes from in terms of the appropriations?

The WIN appropriation currently is an appropriation under the Social Security Act and we administer that programing so far as the training aspects are concerned.

Who actually pays that $30—we had better check on that and see where that comes from. I don't believe that comes out of the employment service. I know it doesn't come out of unemployment insurance.

Mr. BURTON. Does this $30 figure—and you have it in terms of not more than—is that an ongoing amount of $30?

Secretary SHULTZ. For the duration of the training, it is a rate.

Mr. BURTON. So I would assume that is a uniformly applicable rate?

Secretary SHULTZ. Not more than, yes. It has been pretty much uniform.

Mr. BURTON. So it is uniformly applicable. If there is a mandate—rather than permission to set the rate at $30, I assume we would be making no alteration in the current practice or policy; is that correct?

Secretary SHULTZ. I guess that is right; yes.

Mr. DANIELS. The gentleman from Oregon, Mr. Dellenback.

Mr. DELLENBACK. Thank you very much, Mr. Chairman.

I appreciate your giving me the chance to make a comment, as I am not a member of the subcommittee.

Mr. Secretary, Mr. Weber, and Mr. Lovell, we appreciate your being here this morning. I think that in this manpower program we are dealing with both one of the most critical pieces of legislation before the Congress this session and one of the most exciting that we have.

I appreciate your testimony, Mr. Shultz, very much. Frankly, I don't know what this says about similarity of background or method of operation of mind, but every time you appear before one of our subcommittees, your testimony has taken this same general turn, of just not leaping into the specifics of the bill but laying the background of what has been done.

I think this is the best way to analyze the problem. I have had staff covering the hearing this morning and the problem has been opened up and we will be going forward in the subcommittee and with the committee with further detailed analysis.

I think this has been an excellent beginning and background and we appreciate your help again with this important legislation.

Secretary SHULTZ. Thank you, Congressman Dellenback.

Mr. DANIELS. The gentleman from Illinois, Mr. Pucinski, any questions?

Mr. PUCINSKI. Mr. Chairman, I would like to thank you for extending me the courtesy of questioning the Secretary this morning.

I am not a member of the subcommittee but there is a provision in the act that is of concern to me. I am not sure the Secretary has had a chance to study this but I think when he gets a chance to look at it, he will agree somebody put in a "mickey" in this bill.

On page 7 of the bill where we discuss section 102, the State Comprehensive Manpower Agency, we provide that, "(a) Shall include the State public employment service, unemployment compensation agencies, unless specifically exempted by the Secretary, agencies administering or providing for administration of programs authorized by this act, and agencies established by State law administering manpower programs or not assisted by Federal grant-in-aid.

"(b) Includes agencies administering programs authorized by Vocational Education Act or Vocational Rehabilitation Act, if the States so request, except the Secretary may, with the concurrence of the Secretary of Health, Education, and Welfare, refuse to make grants as provided in this section by reason of decision of the State not to include such agencies.

"The State Comprehensive Manpower Agency shall conform to such methods of administration as are found by the Secretary to be necessary with a proper and efficient operation of the plan, including methods related to establishment and maintenance of personnel standards on a merit basis."

Now, Mr. Secretary, I submit that this provision puts the Department of Labor lock, stock and barrel in total management and administration of our public schools, something that we have very carefully avoided on this committee from doing with all of the other educational legislation.

We have gone to great pains to make sure that the Elementary and Secondary Education Act does not give the Federal Government any right to interfere with management of local public schools and every other bill we have passed here has all sorts of prohibitions against interference by the Federal Government. And yet this language first of all, says that concerning vocational education, the Administrator of the Vocational Act, may be included in the State Comprehensive Manpower Agency.

If he is not, and if the Secretary of Labor and Secretary of HEW decide that the State administrator of vocational education should have been included they can withhold funds until he is included, but then once the State vocational agency is included in the State Comprehensive Manpower Agency, that agency must conform to such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to establishment and maintenance of personnel standards on a merit basis.

Surely, Mr. Secretary, you do not seek such broad powers for the Federal Government. Since I was the cosponsor of the Vocational Educational Amendments of 1968, I have a very deep interest in vocational education and must protest against any provision which would give the Secretary of Labor the right to determine personal standards for all vocational educators.

I wonder if we could get your thinking on this.

Secretary SHULTZ. I feel as though somebody slipped me a "mickey" and I certainly did not have any intention of slipping one to my friend, Mr. Ayres. But you read the bill accurately and I had read it before and that is the way we intended it.

The first point that I would make is that the States and cities are not forced to do anything under this act. There are incentives there in terms of their control over the planning for administration of this money, but if they choose not to do that, the money still will go to those States and cities.

It will be administered the way it is now administered.

As far as the involvement of vocational education is concerned, we thought about that a lot and worked on it very hard because we have two things that I think we are all trying to achieve.

On the one hand, we want to have the manpower effort go forward in a manner that is coordinated with what is going on in vocational education as you use the vocational educational system a great deal in the manpower training efforts and, at the same time, the vocational educational effort benefits from that kind of contact with the world of work.

So you want this kind of relationship.

At the same time—and Congressman Ashbrook was working the other side of the street before you came in here—we do not want to see the manpower effort as a vehicle for interfering or distorting in any way the regular education system of which the vocational educational mechanism is an important part. You have these two things to deal with, and we have tried to construct a mechanism here that allows you to work along both of these lines.

Mr. PUCINSKI. Mr. Secretary, in answer to your first statement, section 102 clearly provides that the Secretary of Labor shall in accordance with such regulations as he may prescribe make grants to a State if the Secretary determines that the State has submitted such plan for approval, and so this is not permissive.

This is not arbitrary. The Secretary will withhold or can withhold up to 66 percent of the funds if a State fails to adopt a State plan.

And, of course, as I said earlier, you have in this bill stated that the State Comprehensive Manpower Agency shall conform to such methods as you, the Secretary, established. That is the first point.

Secretary SHULTZ. I think I can stop you right there just a moment. There is no ability on the part of the Secretary of Labor to deny funds to a State. If the State chooses not to adopt an administrative mechanism that is more or less in line with these efforts to get more State and local involvement, the money is still going to be spent in that State. It is just a question of the manner in which it is spent.

Mr. PUCINSKI. I will not press the point now, but I would like you to look at this. I think when you look at the language in the bill, I know you too well, I respect you too highly to believe that you would want this language to stay in the bill.

Now the second thing I want to make.

Secretary SHULTZ. I feel like I have just been conned.

Mr. PUCINSKI. The second thing is that I hope that the day is going to come when the Manpower Training Program is going to be phased out, there will be no need for a separate manpower training in this country because we will have such an effective vocational-educational system in this country that every American is going to graduate from high school with a marketable skill.

We have that commitment from Dr. Allen. We have that commitment from Grant Venn. We have that commitment from Secretary Finch.

So it is my judgment that we will want to look very carefully at this whole business of vocational education in this bill.

Secretary SHULTZ. I would like to respond, Mr. Chairman, to two things, if I may.

Mr. DANIELS. Unfortunately, I know you desire to answer that pretty potent question.

Secretary SHULTZ. First, I would like to read from 106(e):

> No determination of noncompliance under this section shall be made without concurrence of the Secretary of HEW respecting those matters with regard to which concurrence was required and approval of grants under section 102 or 103(a).

So this is not some unilateral matter of the Secretary of Labor. As far as the commitments that you mentioned that you had gotten from various people, let me say that you will never get such a commitment from me.

I don't think that vocational education and manpower are synonymous terms.

I follow that by saying that I am all for the development of strong vocational education in the schools and of using that means to avoid as much as we possibly can the tremendous remedial problems that we now face and have and must deal with. There is no ducking these problems.

However, even if we had perfected vocational education, we still would have all sorts of so-called manpower problems because people shift their jobs, new things come along, and you need to do a great deal of work on unemployment compensation and our whole adult training area as well as in on-the-job training of various kinds, in developing systems of labor-market information.

All of these things are completely separate and distinct.

Mr. PUCINSKI. You are aware, though, that one-third of those in this country are taking vocational educational courses are adults?

Secretary SHULTZ. Yes.

Mr. PUCINSKI. I hope you do not ever try to bring vocational education back to that dark era when it was for the dingalings and dumdums who were the dropouts, and that is what we would do if we put vocational education in the Labor Department.

Secretary SHULTZ. We have no desire to have the vocational education system in the Labor Department.

At the same time. I also don't subscribe to the notion that the only place anybody can learn something, and I say this as a person who has spent his life in education, I think it is untrue that the only place a person can learn something is in school.

He will learn a lot of things on the job. There is a lot of training to be done there.

Mr. PUCINSKI. I am in agreement on that.

Mr. DANIELS. I have one final member. I would like to call on him if he has any comments. Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I would like to pay tribute to the Secretary. I apologize I was not here for your statement, though I have read it in detail. I would hope, Mr. Chairman, what happens is that we have a chance to get the Secretary and Mr. Weber and Mr. Lovell back as we have other witnesses who come in to discuss what I consider to be one of the most important pieces of legislation that we can act on in this Congress.

There are some differences in approach. There are some different points of view and emphasis. The Secretary's impetus and leadership have made it possible for the Administration to come out with a very, very important and good bill.

I also think it is important for all of us to remember that what has happened has been so eloquently stated by the Secretary in terms of the reliance upon the categorical approach and the fact that the system that we have today just doesn't work; we have to make a change.

I salute you, Mr. Secretary, I thank you for coming and I look forward to having you back.

Secretary SHULTZ. Thank you, Congressman Steiger.

Mr. DANIELS. Mr. Secretary, the Chair has prepared a number of questions to present to you today but time will not permit me to ask those questions at the present time, so I shall write you a letter and submit the questions to you, and you may respond to them at your convenience.

This committee intends to have extensive hearings. We would like to hold as many as possible. I would like to call on Mr. Ford again.

Mr. FORD. Thank you, Mr. Chairman.

The portion in the bill that is for distribution of the funds, subject to 10 percent matching by the States, states that apportioning criteria shall be prescribed by the Secretary and shall include the number of individuals in the labor force, number of unemployed, and estimated number of disadvantaged individuals in the State as compared with such individuals in the Nation. I assume that these two previous criteria would be measured against the total number of unemployed in the country and the number in the labor force.

I assume, as we do when we are trying to work out formulas, that you have made some projection of how this would distribute the funds among the several States.

Do you have available to the committee or could you submit to the committee your estimates of where the money will go and what the approximate proportions or amounts are, assuming appropriation at the level asked for in your bill. Where would we distribute that money; how would this formula as you view it spread it out?

Secretary SHULTZ. We could do it. There are difficulties in doing it. We need to develop data, for example, on the disadvantaged better than we now have. We are working on that. Of course, a formula like this is designed to change as circumstances change in various parts of the country.

So we are a little hesitant about putting that kind of information out because if gives people an idea of rigidity.

Mr. FORD. In our experience this committee takes a beating on formula as much as anyone else because we do try to use the flexible criteria.

Our experience has been that you can't sell a formula to a legislative body like the Congress unless you take the pragmatic approach, being able to give some projection of who gets what under that formula.

They have some idea of what they are getting now and if the formula is going to produce any drastic shifts, it will face some real difficulties.

I personally think these are the criteria that ought to be the center of a formula with room for such other things as experience with educational formulas shows that you have to crank in because you can't sit here in Washington and visualize the special problems all over the country.

I would appreciate whatever you can give us in the way of a projection of how this formla would work.

Secretary SHULTZ. We will do that.

Mr. DANIELS. Mr. Secretary, I want to thank you on behalf of myself and the members of my committee. I want to thank you and Mr. Weber and Mr. Lovell for giving us your opinions on this legislation. The material you submit will be inserted at this point in the record.

(The material referred to follows:)

The following information regarding distribution of funds under the proposed MTA was requested by Congressman Ford. Because the specific method of apportioning funds has not been determined, we have used one of the alternatives under consideration as a basis for making the requested estimate.

The attached table presents an illustration of one possible method of apportioning funds under the Manpower Training Act. The 1970 Manpower budget request was used as the base for the illustration, with 75 percent of $1,065.7 million distributed among the states.

The formula used for the distribution is one of a number of possible formulas under consideration. The primary difference in the various formulas is in the determination of the numbers of disadvantaged. Since there exists no statistical series on the disadvantaged, it is necessary to use other indications as a proxy, such as family income, number of poor persons, or income tax data. Many of the factors considered provide an indication of poverty but are of limited use because they are not available on a current, regularly published basis. Because of these problems, work is continuing on the development of a suitable formula and the one used in this illustration should not be considered as necessarily representative of the final formula.

The formula used in the illustration is based on the following factors:

A. Average annual state work force as percent of the U.S. Work force (1968).

B. Average annual state unemployment as percent of U.S. unemployment (1968).

C. State estimates of the numbers of disadvantaged persons as percent of U.S. total. These estimates were prepared by state employment agencies as part of an experimental program to develop annual manpower planning data.

Factors A, B, and C were summed and the total for each state expressed as a percent of the U.S. total to yield the apportionment factor.

TABLE I.—EXAMPLE OF POSSIBLE APPORTIONMENT UNDER PROPOSED MTA USING SELECTED FACTORS[1]

	Apportionment factor	Allocations (millions)
Total, United States	100. 00	$1, 065. 7
Alabama	2. 07	22. 1
Alaska	. 23	2. 5
Arizona	. 67	7. 1
Arkansas	1. 03	11. 0
California	10. 56	112. 5
Colorado	. 87	9. 3
Connecticut	1. 50	16. 0
Delaware	. 23	2. 5
District of Columbia	. 90	9. 6
Florida	2. 93	31. 2
Georgia	2. 43	25. 9
Guam	----------	----------
Hawaii	. 37	----------
Idaho	. 33	3. 5
Illinois	5. 37	57. 2
Indiana	2. 30	24. 5
Iowa	1. 27	13. 5
Kansas	. 90	9. 6
Kentucky	1. 33	14. 2
Louisiana	2. 07	22. 1
Maine	. 47	5. 0
Maryland	1. 67	17. 8
Massachusetts	2. 90	30. 9
Michigan	4. 37	46. 6
Minnesota	1. 83	19. 5
Mississippi	1. 10	11. 7
Missouri	2. 33	24. 8
Montana	. 33	3. 5
Nebraska	. 53	5. 6
Nevada	. 37	3. 9
New Hampshire	. 30	3. 2
New Jersey	3. 50	37. 3
New Mexico	. 60	6. 4
New York	9. 30	99. 7
North Carolina	2. 70	28. 8
North Dakota	. 30	3. 2
Ohio	4. 67	49. 8
Oklahoma	1. 33	14. 2
Oregon	1. 10	11. 7
Pennsylvania	5. 37	57. 2
Puerto Rico	----------	----------
Rhode Island	. 47	5. 0
South Carolina	1. 53	16. 3
South Dakota	. 30	3. 2
Tennessee	2. 13	22. 7
Texas	5. 47	58. 3
Utah	. 53	5. 6
Vermont	. 20	2. 1
Virginia	1. 77	18. 9
Virgin Islands	----------	----------
Washington	1. 77	18. 9
West Virginia	1. 07	11. 4
Wisconsin	2. 10	22. 4
Wyoming	. 17	1. 8

[1] Based on work force, unemployment, and estimated numbers of disadvantaged persons.

Note: The apportionment formula used in this table is one of a number of alternative formulas under consideration and is used for illustrative purposes only.

U.S. Department of Labor,
Washington, D.C., January 29, 1970.

Hon. Dominick V. Daniels,
Chairman, Select Subcommittee on Labor, Committee on Education and Labor, House of Representatives, Washington, D.C.

Dear Mr. Chairman: Enclosed are our responses to the questions submitted by the Subcommittee in your letter of December 10. I understand that a copy has already been forwarded informally to your staff so that you might have the benefit of our responses for the hearings currently underway.

In addition, we have enclosed a copy of the Employment Service Task Force Report (December 1965), as requested by Congressman O'Hara and some illustrative estimates of the possible distribution of manpower funds under the Manpower Training Act, as requested by Congressman Ford.

I would like to underscore the fact that these budget estimates are merely illustrative and are based on the FY 1970 budget request. There are several significant statistical problems which must be resolved, including how the disadvantaged are to be identified and what weights are to be given to the three apportionment factors. Of course, the actual level of funds received State by State under the Manpower Training Act will be governed far more by the level of Congressional appropriations than by the apportionment factors.

We have tried to provide full answers to your questions without being unnecessarily exhaustive. If there are any points which require further clarification, please do not hesitate to contact us.

Sincerely,

Malcolm R. Lovell, Jr.,
Deputy Assistant Secretary for Manpower and Manpower Administrator.

Response to Questions Raised by Select Subcommittee on Labor, Committee on Education and Labor

Question No. 1. Under what circumstances could a Governor fail to establish or designate a State Comprehensive Manpower Agency? (Sec. 102(a)(1))

Answer. The proposed Manpower Training Act of 1969 provides the States the opportunity to plan and administer a comprehensive manpower program. It does not require them to do so.

A basic objective of the MTA is decentralization of planning and operation of manpower programs to the States and areas. However, the bill recognizes that existing institutions at the State and local level are not immediately adequate to assume full responsibility for a program of such vital concern to many sectors of our economy, most particularly the disadvantaged members of the labor force. Accordingly, the bill proposes a phased decentralization during which planning and administrative capacity will be progressively developed. Thus, a State can decide that it will not participate in the decentralized administration of manpower programs at all; it can participate at the first 25% level; or it can move toward full participation by establishing a State comprehensive manpower agency and meeting the other requirements for phase 2 and ultimately phase 3 decentralization. In any circumstance where the State does not put into place the necessary institutional reforms to participate fully in management of the decentralized program, the Department of Labor will administer the amount apportioned to that State (or the balance not administered by the State) in a manner comparable to that through which the present manpower programs are now operating.

Question No. 2. It is not inconsistent to deny the Governor two-thirds of his allotted fund for failing to designate a Comprehensive Manpower Agency; then permit payment of 25% of the allotment after the Secretary and Governor have designated a State agency to administer the State plan? (Sec. 103(a)) Shouldn't either the incentive be offered to the Governor to create a Comprehensive Manpower Agency, with funds denied if one is not established, or there should be no requirement at all concerning the designation of the State agency?

Answer. The three-stage decentralization process envisioned in the proposed MTA recognizes that there will be different situations in the different States. The MTA seeks a major restructuring of State agency responsibilities in the manpower field, as well as development of effective local manpower institutions. This is a long-term process. Providing an opportunity to the States to participate directly in the administrative control of the manpower programs at a modest level in the beginning (albeit at a level higher than the current fragmented programs provide) is a calculated step to help the States begin to develop the kind of manpower planning and administrative capacity required to run the full program. Each State could move up to exercise administrative control over two-thirds of its apportionment when it accomplishes the organizational reforms in its manpower institutions prescribed in the bill; namely, establishment of (1) a comprehensive manpower agency, (2) a State manpower planning organization, (3) area program jurisdictions (normally SMSAs) and area prime sponsors (normally the Mayors of the central cities), and (4) area manpower advisory bodies. When this stage of decentralization is reached each State will be responsible for administration of a substantial part of the resources apportioned to it. It may secure administrative control over the total of apportioned funds upon meeting objective standards of exemplary performance. Thus, the 25% State control at the first stage of decentralization process is essential to the long-run development of the State's manpower capacity. It is a significant element in the MTA strategy to change existing institutions by working with and through them and offering meaningful incentives to secure the changes required.

Question No. 3. General thrust of the legislation is to provide for greater State and local control of programs. However, Sec. 104(a) would require the Governor to submit the State plan he develops to the Secretary for approval. The Secretary could therefore exercise a measure of control over program content, since the plan must provide for the conduct of programs according to rules, regulations and guidelines established by the Secretary to carry out general purposes of the program. How can this provide for greater State and local role in the management of programs?

Answer. The MTA seeks to establish in the manpower field, a new concept of State grant program—one that provides for significant State *and local* discretion and control over allocation of resources and performance of services but which also preserves effective Federal stewardship. Accordingly, the Act reserves ultimate Federal control over program content both to assure that State and local administrators are properly responsive to client needs and to make possible a national manpower program. The rules, regulations and guidelines established by the Secretary are for the purpose of carrying out the general purposes of the program. The State and local authorities would fill in this framework and would manage the programs. This is unlike the present varied operations in which State and local authorities' relationships to the Federal Government, where they exist, approximate the relationship of agent to principal on a project-by-project basis. The proposed change would substantially increase the State and local roles, making them responsible for the whole program, albeit, with close Federal scrutiny and approval of annual plans and continual monitoring during the operating year.

Question No. 4. Section 104(a)(1) states that the Secretary of Labor would determine those elements necessary for providing coordinated, comprehensive assistance, and would require that the State plan provide increased occupational opportunities for "eligible" individuals. Who is to be an "eligible" individual is unclear, and who has the authority to determine eligibility is not clearly resolved in the draft bill as among the Secretary of Labor, the State or local officials.

Answer. Section 107 specifies that participants in MTA programs are to be "unemployed, underemployed, low income, or otherwise disadvantaged persons 16 years of age or over who are not adequately prepared for suitable employment in their area of residence: Except that the Secretary may authorize the participation of other persons . . ." State plans and area plans included in them would be required to serve only those individuals specified as eligible in Section 107, unless the Secretary authorizes, in advance, other persons to be considered eligible for specific purposes in order to achieve efficient utilization of manpower resources. The vehicle for such advance authorization by the Secretary of other individuals deemed to be eligible would be the annual planning guidance developed by the Secretary and issued to States and areas in accordance with which their comprehensive manpower plans would be developed. In some instances it is conceivable that the Secretary would approve a State plan which makes provision (with appropriate justification) for providing manpower services to some persons not established in advance as among the eligible individuals.

Question No. 5. The legislation provides in Section 102(a)(2) that area plans prepared by prime sponsors, and not included in State Comprehensive Plans, could be so included, if the prime sponsor requested and obtained the determination of the Secretary (after consultation with the Governor) that the area plan was consistent with the requirements of Section 104 of the Act.

(a) Could this possibly provide for an effective means of bypassing State Manpower officials, so that the program would be developed directly as a result of consultations between local and Federal government?

(b) If a local area did appeal over the head of a Governor, is it very realistic to expect that appeals to the Secretary would be approved, or that the Secretary would withhold funds?

Theoretically, the Secretary holds reserve power, but the thrust of the legislation is to turn power over to the State and local areas.

(c) What happens if a mayor wants a program, and the Governor doesn't and they can't settle—who wins? Or if the mayor of a city wants a particular plan, and the mayors of the surrounding suburbs do not?

If the Secretary of Labor would have to intervene to settle these disputes would it not make for greater inefficiency in program administration and greater involvement on the part of the Federal government?

Answer. (*a*) This provision is designed to give the area prime sponsor (Mayor) the right to a hearing at the Federal level if his plan is not included in the State plan, or really if the State plan modifies in an unacceptable way his area plan. The language requires the Secretary to consult with the Governor in making his determination on the Mayor's appeal. Thus this section would involve consultation with both parties and combines the prime sponsor's right to a fair hearing at all levels with the negotiations with the Governor designed to result in agreement on what should be in the State plan as finally approved. Clearly, the intent is not to bypass State officials.

(*b*) The purpose of the local area appeal is to provide an avenue for the area prime sponsor to seek redress if the State plan as submitted by the Governor includes provisions which would be inimical to the sound conduct of the area manpower program in the eyes of the area sponsor. In exercising his power to approve the State plan, the Secretary would be governed by his best judgment as to what the most effective program would be given the manpower facts, area and State priorities, and proposed deployment of resources which constitute the issue. It is expected that the Secretary would use his authority to assist the Governor and the Mayor to reach an accommodation on the manner in which best to deploy manpower resources available for the area's programs. Accordingly, it is not unrealistic to expect that the Secretary would approve all or parts of the area plan. One of the significant features of the bill is that the Secretary would not have to withhold all the funds from the State and/or the area and stall the whole decentralized program while one particular aspect of the State/area plan was being questioned. The line item veto provision affords the Secretary the opportunity of approving the balance of the plan while withholding approval and funds for that part or parts of any plan that is not presented in a satisfactory and approvable manner. It is certainly realistic to anticipate the exercise of such line item veto and partial withholding of funds.

(*c*) The powers reserved to the Secretary to operate the program within any jurisdiction in the event that an approvable plan cannot be developed will be a powerful incentive for the several parties mentioned to come to an amicable agreement for only then will any of them secure direct participation in administering the manpower program. We do not believe that Mayors and Governors will be in disagreement in any substantial number of cases or that participating Mayors will not be able to plan effectively for the general good of the area.

The Federal Government is one of the parties in the program and its role is as a partner with certain specific powers under Section 102(a) (2) to prevent a deadlock. The very existence of explicit authority of this kind will do much to assure State/local agreement in order to preclude its use.

Question No. 6. Prime sponsor (Sec. 102(a) (2)) designated either by Governor, or unit of local general government representing 75% of the population.

(a) Section 102(a) (2)—requires the identity of the prime sponsor to be subject to the approval of the Secretary of Labor. Is this not providing the Secretary with substantial control over what would otherwise be a matter of local determination?

(b) Section 102(a) (2)—the legislation states that in designating the prime sponsor, the Governor would consider the following criteria: "distribution of population, work force, and disadvantaged persons in the area". What assurances have you that these criteria will be considered, and once considered, not rejected? Shouldn't it be made mandatory that these criteria be represented in the selection of the prime sponsor, or have no criteria at all?

(c) Section 104(a)(4)—area advisory body would be established by the prime sponsor or by the highest official of the unit of local government in the SMSA or other appropriate area designated by the Secretary of Labor. Would it not be possible for the same official from the unit of local government to serve as both area advisory body member and prime sponsor (legislation states on p. 16, lines 4–7: "The highest appropriate elected executive official of each unit of local government served by an advisory body or their designees shall have the opportunity to become members of the advisory body".)

(d) Both the prime sponsor, designated by the Governor or nominated by a unit of local government, and the area advisory body, established by the prime sponsor or unit of local general government do not have to have members of the community, the poor, etc., among their representation. Are they not quite removed from the community that they are to serve?

Answer. (*a*) The overall objective of the proposed MTA as indicated elsewhere is to establish a new type of Federal-State-local grant-in-aid program the identifying features of which are State and local discretion and administrative control subject to the exercise of Federal stewardship. Accordingly, the answer is that the Secretary would have substantial ultimate control over the designation of local prime sponsors parallel to the ultimate control of most other judgmental matters not specifically prescribed in the statute. For example, the Secretary would be constrained just as is the Governor to accept the designation of a local prime sponsor when the heads of local governments representing 75% of the population of an area are in accord on the identity of their prime sponsor.

(*b*) The language in question is admittedly weak, i.e., the word "consider". The intent is that the Secretary would exercise his discretion to withhold approval of a State plan in which the designation of the local prime sponsor did not follow the distribution of population, work force, and disadvantaged persons in the area unless there were other overriding considerations. It would be much preferable to retain the criteria rather than abandon them, and if necessary, to strengthen them while still allowing some administrative discretion to the Secretary.

(*c*) It would be possible for the same official body from a unit of local government to serve *on* (not "as") the area advisory body while being the prime sponsor. The intent of the language quoted in the question is to assure all those units of local general government in the area covered by a prime sponsor who are not designated as the prime sponsor an equitable opportunity to participate in the planning and oversight of the area's comprehensive manpower program.

(*d*) Both the State comprehensive manpower planning organization and the area comprehensive manpower planning advisory bodies must have representation from the community, the poor, clients to be served, etc. The intent of the language is to make these bodies representative of the communities that they are to serve, not to isolate them from the communities. Thus, the State manpower planning agency will have representation from area agencies and interested client groups including, among others, prime sponsors, local comprehensive manpower planning agencies, and typical client groups including low income groups to be served by the programs (Section 104(a)(3)). Area advisory bodies shall include corresponding representation (Section 104(a)(4)). Further, inclusion of low income groups in planning and evaluation of State and area programs is specifically required under Section 104(a)(6).

Question No. 7. The Community Action Agencies—what is their status? They could participate, but legally they have no position or role under the legislation. Couldn't a State abolish them by simply not funding their programs?

Answer. Community Action Agencies may participate in the following ways:

1. A public CAA may be a prime sponsor if designated by the local unit of government named by the Governor.

2. A private CAA may be a prime sponsor if the heads of local government representing 75% of the population in the program area agree. As a prime sponsor, the CAA would have responsibility for planning, administering or providing for the administration of area programs and establishing area (local) comprehensive manpower planning advisory bodies. Section 104(a)(4).

3. A CAA may as a delegate agency, provide services and facilities in local manpower programs, either with or without reimbursement. Section 102(a)(1).

4. CAA's could receive funds directly from Secretary to provides services:

(*a*) where a State has not developed a comprehensive manpower planning capability or failed to establish a comprehensive manpower agency.

(*b*) where a State is not in compliance with its approved comprehensive manpower plan,

(*c*) where a State has failed to meet exemplary performance standards,

(*d*) for experimental and demonstration programs—(Title III, Section 301 (b)), or as a part of the Secretary's discretionary funds (20 percent) under Section 601(d).

Consistent with the overall intent of the New Federalism, however, they would not be mandated a specific role under the legislation. It would not seem possible for a State (or an area prime sponsor) to abolish any CAA by not utilizing them in the conduct of manpower programs inasmuch as financial support for the basic CAA organization structure comes from the Office of Economic Opportunity, not the Department of Labor's manpower program. It is assumed that where CAA's can make a positive contribution to any aspect of manpower programs they would be called upon by State and/or area prime sponsors to do so. In addition, it is not unlikely that the CAA's may in many circumstances be the vehicle for providing the participation required for representatives of the poor in planning, monitoring, and evaluating manpower programs as follows:

In the State manpower planning organization. Section 104(a) (3) (c).

On local area planning advisory bodies. Section 104(a)(4). (State and local planning bodies will receive support for independent staff.)

In planning and evaluation of State and area (local) programs established by the Act—Section 104(a) (6); also participation in the evaluation of all programs and activities of the Act. Section 304.

In addition DOL interprets Section 603 to provide for representation of the poor on the Regional and National Manpower Advisory Committees to be established.

Question No. 8. What kind of assurances do you have that local successful programs, often developed over the objections of City Hall, or State officials, would be retained? A Governor could fail to fund a program even if it were sucessful.

Answer. The initial selection of programs to be provided in an area or State plan will be the decision of the prime sponsors and planning council and planning advisory body. No 100% assurances can be given that on-going programs will be continued under the new prime sponsor. However, it is assumed that in the overwhelming majority of the cases, the prime sponsor will be every bit as concerned as we are with seeing quality manpower programs operated which are effective in meeting client's needs. Exemplary performance standards will help meet this objective. Then too the membership of both the planning council and advisory body includes representatives of groups to be served. It is felt that these influences will be sufficient to assure that successful programs are retained.

Finally, the State and area are required to operate under a plan approved by the Secretary. Successful local programs could not be omitted from such a plan without questions being raised by the Federal Government as to the reasons. If there is no good reason to exclude any given program, it would probably be included in the approved plan at the suggestion of the Secretary and once included the Governor or area prime sponsor could not withhold funding aribitrarily.

Question No. 9. In designating the SMSA, or other area where a suburb comprised a good percentage of that area, couldn't political fights arise between the local governments in choosing the prime sponsor?

Answer. Under the provisions of Section 102(a)(2) it is expected that in most instances Governors, in consideration of the distribution of population, work force, and disadvantaged persons within the SMSA, would designate the Mayor of the central city as prime sponsor for the area (or at least that major portion of the SMSA most suitable for sound manpower programming). Only where there is substantial concensus among most units of local government on some other prime sponsor, for example an area-wide CAA or Council of Governments, would the "75 percent rule" be exercised.

Where more than one governmental body is involved in choosing the prime sponsor there is always the possibility of initial disagreement. However, there is no reason to believe that between the Federal, State, and local authorities involved, reasonable compromises could not be reached. As indicated above the MTA seeks to provide a system to incentives to secure the establishment and maintenance of State and local manpower institutions through which to run a decentralized program. The incentive offered is substantial

State and local governmental participation in the planning and administration of manpower programs funded by Federal resources. The penalty for not reaching reasonable cooperative arrangements at the State and area level is the withholding of decentralized control over the Federal resources. We believe that with the judicious application of this incentive and the potential presence of the Federal Government at the bargaining table, reasonable accommodation to the substantive interests of all parties can be anticipated.

Question No. 10. Under the proposed legislation, the Employment Services of the State would take over the operational and financial responsibility of manpower programs. What assurances have you that they will be equipped, staffed or responsive to the needs and problems of the poor, unemployed and underemployed?

Answer. The basic premise underlying the question is mistaken. The question suggests that the Employment Service pure and simple would "take over" manpower programs under the MTA. Under the MTA, the planning, evaluation, and oversight of operations of manpower programs would be brought under the effective control of the Governors and the Mayors. Section 104(a)(3) specifically authorizes the Governor's revision of and requires his concurrence on plans under which Federal funds are to support manpower training programs and related employability development services before they are submitted to Federal agencies for funding. The vehicle for helping the Governor review and revise such plans is the State manpower planning organization which is responsible for putting plans of the several State agencies together into a comprehensive manpower plan for the State and advising the Governor on revisions needed in component program plans to achieve a comprehensive State plan. Area MTA plans are to be prepared by the area prime sponsor, i.e., Mayor, with the advice of an area manpower advisory body (Section 102(a)(2)). At both State and area levels, these bodies have meaningful oversight roles.

In any event, the Employment Service in recent years has begun significant reforms which will better equip it to carry out its potential responsibilities under the Manpower Training Act. As a deliverer of manpower services to various anti-poverty programs the Employment Service has found it necessary to redirect its efforts to the needs of the poor and disadvantaged. There have been changes in staffing patterns of State Employment Service agencies, including increased representation of minority groups, to enhance the ability of these agencies to serve the disadvantaged. More services are being provided to the disadvantaged—counseling, outreach, job development, etc.—in order to relate them to work and to provide the necessary follow through.

In addition, use is being made of modern techniques and methods of operation. The use of computers has been introduced, and the job bank has been developed to provide a more effective communication network between local offices and cooperating agencies for use of the Employment Service in providing to the job seeker either a job or a training opportunity.

The use of computers relieves the specialist from many routine clerical functions associated with his particular job, thus allowing him to give more intensive personalized employability services to disadvantaged applicants. The total system is being drawn closer together and tied to a funding method that places responsibility on local management for goal accomplishment.

What the MTA proposes is that the State Employment Service would be absorbed into a larger comprehensive agency with a variety of other manpower concerns. Such agency, under the effective control of the Governor, would be less parochial in outlook than any existing State agency. This approach is part of the strategy of relying upon but bringing about fundamental changes in existing manpower institutions to the end that they are fully responsive to the needs of the clients served, as well as the larger community.

Section 102(a)(1) establishes that the State Comprehensive Manpower Agency, not the State Employment Service, shall have operational and financial responsibility for manpower programs. By statute the comprehensive manpower agency must include the Employment Service, the unemployment compensation agency, agencies administering MTA-funded programs, and State-funded manpower agencies. However, the State can choose to broaden the composition of the comprehensive manpower agency by incorporating the vocational education agency, the vocational rehabilitation agency, the welfare agency, and a variety of other manpower-related programs into the CMA.

Within the comprehensive manpower agency the Employment Service should play a prominent role. It can be expected to be a major deliverer of manpower services through the requirement the Act places upon the comprehensive manpower agency to utilize fully the services and facilities of existing agencies and programs. However, the Employment Service will carry out whatever appropriate role is assigned it within the comprehensive manpower agency under the State's reorganization plan.

In the final analysis, evaluation of performance of the comprehensive manpower agency, using the performance standards required by the statute, will assure that the agency focuses its best efforts on serving the poor, unemployed, and underemployed.

Question No. 11. The legislation provides under Section 402(4) that the Secretary would give information concerning manpower needs and resources to private job placement agencies. Considering that they charge a fee for the services they render, wouldn't it be unfair to make the unemployed pay for a program set up to benefit them, and at the same time have a private agency make a profit for work done by the Federal Government? Shouldn't this be changed to private nonprofit organization?

Answer. A basic premise of the Act, and particularly Section 402, is to mobilize, and use, every available resource and modern technology to assure effective operation. We would expect that to be qualified to participate, any agency including accredited private employment agencies would be required to contribute in the input of job openings to the job bank system as well as to partake of its informational benefits. We agree with the concept that unemployed persons should not be required to pay a fee to a private agency if a suitable job placement is made as a result of that agency's participation in the job bank.

Question No. 12. How do you work supportive services into the computerized job bank system under Title IV? What assurances have you made that employment services won't become too depersonalized as a result of computerization and therefore discourage the disadvantaged from seeking them?

Answer. The computerized job banks system under Title IV is a system of using electronic equipment to match job requirements and applicant qualifications. Supportive services are not involved at this "file search" stage. The equipment is capable of performing routine clerical tasks quickly and accurately. By reducing the amount of time staff must spend on clerical tasks, staff time is freed to give more personalized service and thus encourage the disadvantaged to seek such service. Thus, the installation of the computerized job bank system is viewed as a necessary element in achieving the fundamental restructuring of the Employment Service local offices. Far from depersonalizing services for the disadvantaged, the automated capacity will help provide personalized services to them. Under the model local office system now being installed on a pilot basis in ten offices, the new system will provide services to applicants at three levels, geared to the individuals' differing needs:

> Job-ready applicants receive the first level of service. This includes assistance in selecting suitable job openings from an inventory of job opportunities. Individuals will be expected to make these selections largely on a self-help basis, however.
>
> Applicants who are job ready but have special problems (owing, for example, to their race, age, physical handicaps, or the particular kinds of jobs in which they are interested) receive an intermediate level of service. This includes interviewing, vocational counseling, aptitude or proficiency testing, and job development, as appropriate. In this group, as in the first one, applicants will have considerable responsibility for helping themselves and making decisions about the services they need.
>
> Disadvantaged applicants receive the third level of service—the indepth services provided for in the Employability Development Model.

The employability development team concept thus will be the activity to which most of the personalized staff time will be devoted.

Question No. 13. What would be the criteria for exemplary standards as stated in Section 102(2) (b)?

Answer. The proposed Manpower Training Act of 1969 provides that the Secretary of Labor shall, with the concurrence of the Secretary of Health, Education and Welfare where relevant, promulgate standards of exemplary performance which shall relate to (a) planning for the allocation of resources, (b) program effectiveness, (c) and efficiency and economy, including unit costs, in carrying out such programs. It is clear that such standards must be objective and expressed and applied in absolute terms.

Preliminary work on the standards is in process and will be pushed forward as rapidly as possible. The listing that follows is no more than indicative of the range of variables that must be consolidated and quantified. Much work remains to be done before we can fix upon precise standards, test their feasibility, assign weights, and propose them for adoption and promulgation.

I. *Standards for planning*:

(*a*) Reflects national goals in State plans.

(*b*) Reflects needs and particular circumstances of the State.

(*c*) Data used are adequate. (Authentic, relevant and reliable)

(*d*) Technical reliability of projections.

(*e*) Describes/indicates the management and training processes to be employed.

(*f*) Includes an appropriate expenditure schedule and operations timetable.

II. *Standards of program effectiveness*:

(*a*) Conformity of clientele served to that described in the plan.

(*b*) Number of enrollees entering employment.

(*c*) Change in earnings pre- and post-training in relation to the clientele served.

(*d*) Other significant and measurable outcomes, e.g.,

(i) Number enrollees returned to school,

(ii) Reduction in welfare dependency,

(*e*) Holding power of program in relation to clientele served (dropouts).

(*f*) Proportion of those served to the estimate of need contained in the plan.

(*g*) The mix and levels of services actually provided by category of persons served and the estimated costs and benefits obtained from each such service.

(*h*) Estimates of the number of persons who will need services, by years for the next five years, and the level of resources required to serve them.

III. *Standards of efficiency and economy:*

(*a*) Participation rates, i.e., efficiency in keeping authorized training slots filled.

(*b*) Enrollee "turn-over" rates (in programs funded under the "slot" concept).

(*c*) Ratio of reported costs to obligations.

(*d*) Efficiency in use of available funds as reflected by enrollment rates/levels.

(*e*) Ratio of overhead costs to training and allowance costs.

(*f*) Costs of supportive services by component, at least for "benchmark" occupations and/or client groups.

(*g*) Ratio of actual to planned obligations and expenditures.

(*h*) Ratio of deobligations to obligations.

Question No. 14. The legislation states in Section 102 (a)(1) that the Secretary, with the concurrence of the Secretary of HEW, may refuse a State its grant because it has failed to include in its comprehensive manpower agency, those agencies administering programs under the Vocational Education Act or the Vocational Rehabilitation Act. Under what circumstances would a State fail to include these agencies, and why would failure to include these two be sufficient grounds for not giving a State its grant?

Answer. The language in Section 102(a)(1) concerning the inclusion of vocational education or vocational rehabilitation programs in the comprehensive manpower agency effectively leaves the matter to the State. Clearly, both programs provide some fundamental services closely related to, if not in some instances at least, identical with so-called manpower services. Accordingly, they should be utilized by the comprehensive manpower agency if only on a purchase of service basis as would be required by the Act. The language in the bill is designed to say to the States (1) consider carefully the inclusion of agencies administering vocational education and vocational rehabilitation in the comprehensive manpower agency, (2) if you decide not to do so the Secretary of Labor may *not* for that reason deny recognition of the comprehensive manpower agency and consequent denial of a 66⅔% grant, (3) if you decide to include one or both, the Secretary of HEW may not veto that decision, and (4) in the last analysis the only way a State may be required to include one or the other programs in the comprehensive manpower agency is when *both* the Secretary of

Labor *and* the Secretary of HEW conclude that it is imperative that such program be included, given the total circumstances in that particular State. A main concern of the MTA is to develop a significant degree of comprehensiveness in the "manpower programs and program components" administrative structure of the State government. There may be instances in which the only way such comprehensiveness can be achieved in a given State is to include one of the agencies administering either of the above programs.

Question No. 15. The legislation states in Section 102(a)(1) that the "*State's comprehensive manpower agency" shall conform to such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan (including methods relating to the establishment and maintenance of personnel standards on a* merit *basis . . ." Does that section pertain to civil service, or other standards of merit, such as the State's, Governor's Planning Agency's, competitive exam? Would the State's plan contain the criteria for personnel standards?*

Answer. Presently the function of prescribing merit system standards under Title III and Title IX of the Social Security Act and the Wagner-Peyser Act, is vested in the Department of Labor. This power of prescribing standards would continue under the proposed Manpower Training Act. The actual operation of a merit system and its standards has been, and under the MTA would be performed by the States (consistent with each State's Personnel Act), such legislation being in agreement with the federally prescribed standards. The State's plan would contain the statement that proposed personnel standards for the State's comprehensive manpower agency are in accord with the State Personnel Act.

Question No. 16. In designating the prime sponsor and area advisory body (Section 102(a), 104(a)(4)) reference is made to the highest appropriate elected official of a unit or units of local general government. Who decides who is appropriate, and what are the criteria?

Answer. References in Sections 102 and 104 are to the "highest appropriate elected *executive* official". The language thus is the general language needed to identify the elected executive head of local government which will be a different officer in various local jurisdictions—Mayors, county executives, etc. The regulations authorized by Section 607 would establish the ground rules for determining who the elected executive head of local government is in particular circumstances. As concerns the question of which elected executive among several in a metropolitan area is the appropriate one, the criteria to be used would relate primarily to the number of persons in the labor force and the number of disadvantaged persons residing within the jurisdictions of the several local governments. In general that unit of local government with the largest "target population" would be the appropriate elected official.

Question No. 17. Title II contains some amendments in reference to the Job Corps. What are the specific plans for the Job Corps program? What changes do you forsee in its operation as part of the Manpower Training Act?

What are your specific plans for the Job Corps?

Answer. Job Corps is being restructured to relate more to local communities and to other Manpower Administration service programs, in accord with the directions laid out in the *Reports of the Secretary of Labor on Restructuring the Job Corps.*

New Centers are being established which are located in or near large cities. These 30 centers will have a total capacity of about 5,000 youth, making up one-fifth of total Job Corps capacity. They will recruit from a specific locality and place enrollees in jobs in those localities. They will be designed to take maximum advantage on a cooperative basis of training, recreation, and other facilities in the community in which they are located. We trust that they will be in a true sense, "Community Job Corps Centers," and will be helpful and appreciated members of their communities.

At the same time, the existing Job Corps Centers are being redirected as much as feasible, and their programs are being improved and revised to become more successfully related to other manpower programs and objectives. Conservation Center work projects are being redesigned to be incidental to skills training objectives, rather than being controlled by the work performance needs of the sponsoring conservation agency. Vocational training and counseling programs are being improved and redesigned to fit better with jobs and populations served. Basic education is being emphasized for enrollees with low education levels. More two-way community involvement and cooperation is being required of Centers.

The redirection of existing Centers is often handicapped by their location and size. As funds and good planning permit, Centers will be increasingly related to designated geographic territories for enrollee input and placement, even though the Center may be located some distance from the input and output territory. Some Centers in isolated locations with no nearby sources of recruits should be relocated.

All Center programs will be more closely tailored to the job placement opportunities of enrollees in the communities from which they come or into which they should and can relocate. Job Corps programs will be improved by use of the enrollee employability development plan concept, which should be made up when a youth is accepted for any manpower service program. A greater effort will be made to ensure that only youth who need a change of environment to a residential support facility will be enrolled in Job Corps for such residential support. Some youth who need Job Corps training will be enrolled only for training; others in other training programs who need residential support, will be enrolled in Job Corps only for such residential support.

These programmatic actions, as they are put into effect, will require consideration of changes in Job Corps organization. Obviously, certain functions previously performed in Job Corps Headquarters will be decentralized to the Regions. This will serve to bring Job Corps operations even closer to State and local community needs and programs.

What changes do you foresee in the Job Corps if the MTA were adopted?

The proposed Manpower Training Act, in itself, has little mandatory effect on Job Corps, except to move its authorization from the Economic Opportunity Act to the MTA. Several provisions will remove inoperative clauses, and facilitate operations. The proposed removal of the requirement to assign 40 percent of male enrollees to Conservation Centers will facilitate relocation of Centers when feasible and funds are available to do so. Central funding is continued, under a separate title of the MTA, although authorization is included permitting the delegation of Job Corps camps to State or area prime sponsors when they develop appropriate administrative capacity and as suitable delegation details can be worked out. As it becomes feasible, the Job Corps will become the residential component of a comprehensive manpower services delivery system.

Question No. 18. Title V of the legislation calls for an automatic increase of 10 percent in the level of appropriations if the rate of unemployment reaches or exceeds 4½ percent for three consecutive months.

(a) Why 4½ percent—how was that percentage arrived at?

(b) Would retraining be the entire answer—wouldn't it be conceivable that public service employment in some instances be more appropriate for alleviating these conditions?

(c) Section 502(c) states that once the rate of national unemployment recedes below 4½ percent for three consecutive months, no further obligation of funds may be made. What happens to the individual just beginning training program? Are there sufficient funds for him to continue training?

Answer. (*a*) An unemployment rate of 4½ percent indicates that joblessness has reached a high level and that steps are appropriate to help keep it from going higher. The unemployment rate of 4½ percent selected as the "trigger" for an automatic increase in funds under the MTA corresponds to the figure used in the triggered program under the unemployment insurance system. The trigger in the unemployment insurance bill relates to insured unemployment—which at any given level of economic activity is somewhat below total unemployment—so the use of the same numerical figure for the total unemployment rate means that the manpower training services would be triggered into operation a few months in advance of the triggering of the extended unemployment insurance benefits. Inasmuch as there is some lead time required to translate additional budgetary obligational authority into actual training opportunities, while the added unemployment benefits become available virtually immediately when the trigger is reached, the two would become operationally effective at about the same time.

(*b*) The intent of the trigger program in the MTA is not to provide all the additional resources necessary to meet the situation if the rising unemployment connoted by reaching 4½ percent for three consecutive months were to go on to recessionary levels. Rather the intent is to provide the virtually instantaneous added money to help meet the immediate situation pending action by the Congress for the provision of more adequate resources should it deem that necessary. In these circumstances retraining seems to be the appropriate first recourse and the 10 percent added obligational authority could readily and usefully be invested in refurbishing the skills of recently unemployed workers during the down period of the economy, while the opportunity costs of retraining both to the workers and to the community are lowest. The question of the desirability, and if desirable, the level of public service employment to meet any given recession situation is one to be considered explicitly by the Congress at the time.

(c) The provision in Section 502(c) terminating the further obligation of funds when unemployment recedes below the trigger level would only be operable if the trigger level was reached on the unemployment up-trend and subsequently declined below the threshold level during a single fiscal year. Otherwise it is assumed the added authority would be obligated by the end of the fiscal year in which the trigger level is reached or would have reverted. The individuals enrolled in programs financed by the increased funds would not be affected inasmuch as amounts to finance the entire course of training and attendant allowances would be obligated at the time the training program was established as is currently the practice under the MDTA.

Question No. 19.—How does public service employment fit into the Manpower Training Act of 1969?

Answer. The bill does not contemplate a massive "employer of last resort" public employment program. It does recognize that public service employment is a useful part of an overall manpower program, particularly such approaches as New Careers and Public Service Careers. Further, there are situations such as some rural areas and core city neighborhoods in which direct public employment is an appropriate device to meet an immediate manpower problem. It is for these reasons that, under the MTA, a State comprehensive manpower plan can provide any type program the area and State manpower planning councils and the Governor and/or Mayor decide is best suited for that State/area, within the broad range of decategorized activities authorized in Section 101. If it is felt there is a need for public service employment program within the State, such a program could certainly be included in the State plan (e.g., Section 101(6)).

The MTA planning process prescribes that State manpower plans shall be multi-year in nature. Part of the reason for requiring multi-year plans is to permit assessment of the development strategy envisioned by the State and area in the event that considerable public employment of the Operation Mainstream type is deemed necessary to meet the local manpower needs during the first year or so. Where appropriately justified and particularly where long-term projections in the plan indicate the "way out," public service employment could clearly be included in an approved State plan.

Question No. 20. Section 611(a), Authorizations for appropriations, does not specify a figure. How much will the program cost? Are there any estimates of what the authorizations to be asked will be?

Answer. The President's FY 1971 budget includes a modest added amount for MTA start up costs over and above funds for operating existing manpower programs at somewhat higher levels. At the FY 1970 initial request levels, the overall manpower program is just under $2½ billion. Of that amount some $1.6 billion would be in programs to be handled in the future under the MTA, including over $1.4 billion subject to the MTA State apportionment requirements. Clearly the base authorization for the MTA would not be less than the corresponding FY 1971 manpower program resources requested in the President's budget. In light of explicit requests from the Senate Committee, the Department will develop specific authorization levels for discussion with both Committees in Executive sessions prior to mark up of the bill.

Question No. 21. What is the Labor Department's current definition of disadvantaged?

Answer. Following is the text of the Manpower Administration Order defining "disadvantaged", and a Field Memorandum updating the family income criteria used to determine "poor" in the definition.

U.S. DEPARMENT OF LABOR,
MANPOWER ADMINISTRATION,
Washington, D.C., January 16, 1969.

Manpower Administration Order No. 1–69.
Subject: Definition of the term "disadvantaged" individual.

1. *Purpose:* To define the term "disadvantaged" individual for use in manpower programs; to amend the definitions in all policy directives and issuances of the Manpower Administration; to revise the dollar amounts of the poverty level by

family size and location (farm/nonfarm) which are used to determine "low income" in EOA manpower programs and to determine "poor" in the subject definition.

2. *Background.* The administration of manpower programs requires a a definition of the term "disadvantaged" individual which restricts use of the term to persons who are relatively severely disadvantaged in securing employment. In addition, a precise and uniform definition is needed for reliable reporting, meaningful evaluation, and communication among the various Federal, State and local agencies administering manpower and related programs.

3. *Statement of Policy.* The term "disadvantaged" individual as used in connection with all programs under the jurisdiction of the Manpower Administration is defined as follows:

a. *Definition.* "A disadvantaged individual, for manpower program purposes, is a poor person who does not have suitable employment and who is either (1) a school dropout, (2) a member of a minority, (3) under 22 years of age, (4) 45 years of age or over, or (5) handicapped."

The test to determine if an individual is disadvantaged is: member of poor family, *and* unemployed, underemployed, or hindered from seeking work, *and* has one or more of the following characteristics: school dropout, minority member, under 22 years of age, 45 years of age or over, handicapped.

The five basic combinations of the definition are—

Poor school dropout without suitable employment;
Poor minority member without suitable employment;
Poor youth without suitable employment;
Poor older worker without suitable employment;
Poor handicapped worker without suitable employment.

Clearly, any one individual might meet several of the tests at once, e.g., the poor unemployed, Negro, handicapped, teenage dropout.

b. *Meaning of Terms in Definition.*

(1) *Member of Poor Family.* A person will be deemed "poor" for purposes of the definition of disadvantaged if he (she) is a member of a family (1) which receives cash welfare payments, *or* (2) whose annual net income in relation to family size and location does not exceed the following criteria:

Family size	Income nonfarm	Income farm
1	$1,600	$1,100
2	2,100	1,500
3	2,600	1,800
4	3,300	2,300
5	3,900	2,800
6	4,400	3,100
7	4,900	3,400
8	5,400	3,800
9	5,900	4,100
10	6,400	4,500
11	6,900	4,800
12	7,400	5,200
13 or more	7,900	5,500

A family consist of one or more persons living in a single household who are related to each other by blood, marriage or adoption. All persons living in one household who are related to each other are regarded as one family. An individual living alone or in group quarters is considered a family.

Family income is net cash income from all sources by all family members, excluding capital gains and losses as well as one-time unearned income receipts such as insurance payments and gifts. Non-cash income, such as wages received in the form of food or housing, or the value to owner-occupied property, is excluded by this definition.

Farm or non-farm family income will be determined by location of residence as determined by the 1960 Census definition. Farm is the location category of persons living in rural territory (outside the corporate limits of a city of 2,500 or more, or outside of an urbanized area contiguous to such a city) on places of 10 or more acres from which sales of farm products amounted to $50 or more, or on places of less than 10 acres from which sales of farm products amounted to $250 or more.

(2) *Persons Who Do Not Have Suitable Employment.* People who do not have suitable employment are (a) the unemployed, (b) the underemployed, and (c) persons hindered from seeking work.

(a) *Unemployed.* Unemployed persons are those civilians (no age limit) who have no employment and are available for work, and—

Had engaged in any specific job-seeking activity within the past 4 weeks. Principal activities include: Registering at a public or private employment office; meeting with prospective employers; checking with friends or relatives; placing or answering advertisements; writing letters of application; or being on a union or professional register,

Were waiting to be called back to a job from which they had been laid off,* or

Were waiting to report to a new wage or salary job scheduled to start within the following 30 days.*

Persons registering through a component of any manpower program will be deemed to be engaged in job seeking activity, even though the application may be for training, etc., rather than an immediate job.

(b) *Underemployed.* Underemployed persons are those working below their skill capacity, *or* those who are or have received notice that they will be working less than full-time in their industries or occupations, *or* those who have received notice they will be unemployed because their skills are becoming obsolete.

(c) *Persons Hindered from Seeking Work.* This category recognizes that there are some people who are not seeking work but who would enter the labor force if given appropriate assistance in overcoming barriers to employment. Whether or not persons should be considered potential labor force participants depends in part on their attitudes toward labor force participation and in part on whether or not overcoming the hindrances from which they suffer is a part of current manpower policy. Examples of persons who would fall into this category are individuals who would be working or looking for a job if they thought jobs, transportation or child care facilities were available. Also included in this category would be persons, not otherwise handicapped, who do not seek employment because of their attitudes or motivational problems. Not included in this category would be persons who do not require employment assistance because they are over the retirement age, are too severely handicapped, or are fully-occupied homemakers.

(3) *Characteristics of Individuals.* An individual must be either (a) a school dropout, (b) a member of a minority, (c) under 22 years of age, (d) 45 years of age or over, *or* (e) handicapped to be classified as disadvantaged.

(a) *School Dropout.* A school dropout is a person who was not graduated from a high school. In nearly all high schools, graduates have completed 12 years of school. However, before World War II a few Southern schools graduated students after 11 years. For statistical purposes, then, a dropout is one who has completed less than 12 grades of education, except in those schools mentioned above.

(b) *Member of Minority.* Members of the minority are Negroes, American Indians, Japanese, Chinese, Filipinos, Koreans, Polynesians, Indonesians, Hawaiians, Aleuts, Eskimos, Mexican-Americans, Puerto Ricans and other people with Spanish Surnames.

(c) *Under 22 Years of Age.* Individuals under 22 years of age are called "youth." People are classified as "youth" until they reach their 22nd birthday.

(d) *45 Years of Age or Over.* Individuals 45 years of age or over are called "older workers." People are classified as "older workers" starting from the date of their 45th birthday.

(e) *Handicapped.* Handicapped worker is one who has a physical, mental, or emotional impairment or chronic condition which could limit work activities.

4. *Authority and Directives Affected:* This order rescinds Manpower Administration Order 2-68 and supersedes the definition of disadvantaged presented in Interagency Cooperative Issuance No. 69–3. This order further modifies, to the extent inconsistent therewith, the term "disadvantaged" as used in any other issuances or instructions of the Manpower Administration.

5. *Effective Dates:* This order is effective immediately.

STANLEY H. RUTTENBERG,
Assistant Secretary for Manpower.

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*Such persons would not normally be considered "without suitable employment," depending upon the job and the conditions of return.

U.S. DEPARTMENT OF LABOR,
MANPOWER ADMINISTRATION,
Washington, D.C., November 7, 1969.

Field Memorandum No. 205–60.
To: All Regional Manpower Administrators.
Subject: Revised OEO Income Poverty Guidelines.

The income poverty guidelines used to determine program eligibility for all OEO funded manpower programs have recently been revised. These same income thresholds are used to determine "poor" in the definition of the term "Disadvantaged Individual" (MAO 1–69).

The revised poverty guidelines, by family size and location are:

Family size	Annual net income	
	Nonfarm	Farm
1	$1,800	$1,500
2	2,400	2,000
3	3,000	2,500
4	3,600	3,000
5	4,200	3,500
6	4,800	4,000
7	5,400	4,500
8	6,000	5,000
9	6,600	5,500
10	7,200	6,000
11	7,800	6,500
12	8,400	7,000
13	9,000	7,500

For families with more than 13 members, add $600 for each additional member in a nonfarm family and $500 for each additional member in a farm family.

These new guidelines are effective immediately.

In the near future, a TESPL will be issued to advise State agencies of the revised poverty guidelines. A forthcoming CAMPS issuance will be used to advise Area and State CAMPS committees of this change. Because of the inherent time lag in processing these issuances, all RMA's should advise State agencies, CAMPS committees, contractors for Title I–B programs including CEP contractors, and State and local NAB representatives of the revised guidelines.

It is anticipated that MAO 1–69 will be revised at an early date to reflect the changes in income poverty guidelines and to incorporate other changes being discussed with OEO. Pending such revisions, the definition of the term "Disadvantaged Individual" will remain unchanged, except for the applicability of the new poverty thresholds.

J. L. BLAKE,
Deputy Manpower Administrator for Employment Security.

Question No. 22. Where does the Work Incentive Program for welfare recipients fit into the comprehensive manpower program? Will there be a separate WIN training program in each local entity? Who determines the emphasis to be placed on training public welfare recipients, Federal, State or local government?

Answer. The Work Incentive Program is expected to be replaced by the manpower training provisions (Section 102, revising Part C) of the Family Assistance Act, which is being considered by another Committee of the House.

These provisions of the FAA have been written, however, to be integrated fully into the MTA. Section 434 of the Family Assistance Act requires that manpower programs for FAA recipients be part of an "integrated and comprehensive manpower training program" carried out by all the authority available to the Secretary of Labor "under any other Act" (ie., the MTA). Furthermore, FAA appropriations can be used by the Secretary of Labor "to the same extent and under the same conditions" as if they were appropriated under the MTA in providing programs for FAA recipients. Thus, FAA funds will be subject to the same State planning process as MTA funds and can be administered by the State comprehensive manpower agency.

The FAA itself requires that *all* those—with certain specific exceptions—who are 16 and over, in a family receiving benefits, must register with the local Employment Service office. They can then be included in the various manpower training programs being provided under the State comprehensive manpower plan, irrespective of where they reside in the State.

Congressional appropriations for Title IV of the Family Assistance Act will establish the minimum level of resources available for training FAP recipients. The FAA provides for equitable distribution of funds among the States. State and local planning organizations will determine, subject to concurrence by the Secretary, what additional manpower resources may be devoted to this client group under the comprehensive manpower plan.

Mr. DANIELS. The committee will stand adjourned and will reconvene at the call of the chair.

(Whereupon, at 12:27 p.m. the select subcommittee recessed, to reconvene subject to call of the chair.)

MANPOWER ACT OF 1969

WEDNESDAY, JANUARY 28, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 2261, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Burton, Quie, Steiger, Erlenborn, and Collins.

Staff members present: Daniel H. Krivit, counsel; Marty LaVor, minority legislative coordinator. Charles W. Radcliffe, Minority Counsel for Education; Loretta Bowen, clerk; and Cathy Romano, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

Today, we will continue with hearings on various bills that have been introduced, H.R. 10908, H.R. 11620, and H.R. 13472, dealing with manpower.

Our first witness this morning is Dr. Sar A. Levitan, director of the Center for Manpower Policy Studies, George Washington University.

I extend a most cordial welcome to you. I notice you do have a prepared statement. You are at liberty to read your statement, summarize it and proceed in any fashion that you deem advisable.

STATEMENT OF DR. SAR A. LEVITAN, DIRECTOR, CENTER FOR MANPOWER POLICY STUDIES, GEORGE WASHINGTON UNIVERSITY, WASHINGTON, D.C.

Mr. Levitan. Thank you, Mr. Chairman. With your permission I would like to include the prepared statement in the record and say a few words for an opener and leave the rest of the time for discussion.

Mr. Daniels. Without objection, your printed statement will appear at this point in the record.

(The statement referred to follows:)

Statement of Sar A. Levitan, Center for Manpower Policy Studies, George Washington University

The 91st Congress has the opportunity to improve the manpower programs initiated by its predecessors during the past decade. After eight years of continuous expansion, during which we witnessed a tenfold increase in manpower appropriations, the time is long overdue to consolidate the federally-supported categorical and disjointed manpower efforts. This is a very propitious year to concentrate on chores which do not carry any immediate expanded price tag.

The members of the Select Subcommittee on Labor have taken the leadership in proposing measures to improve the effectiveness of manpower programs. It is noteworthy in an election year that these efforts have bipartisan support. This Subcommittee has before it three bills which deserve serious consideration: Congressman Steiger's Comprehensive Manpower Act (H.R. 10908), Congressman O'Hara's Manpower Act (H.R. 11620), and the Administration's Manpower Training Act (H.R. 13472). My comments today will focus on the Administration bill.

ADMINISTRATION AND FUNDING

The Manpower Training Act pulls in states as partners in administering manpower programs without ignoring the responsibilities of elected officials at the local level or the overall role of the federal government. The Secretary of Labor is charged with the responsibility of monitoring federally-funded programs to insure that federal objectives are being carried out, and the Administration would leave the Secretary 20 to 25 percent of the total manpower funds appropriated by Congress for experimental and demonstration as well as for initiation of programs where states and localities do not carry out federal objectives.

I believe that the improvement in the administration of the manpower programs should precede any further expansion of funds. At the federal level this means combining the appropriate manpower programs under consolidated funding, removing categorical eligibility criteria, and discouraging proliferation of local sponsors funded by the federal government. The intent is not to discourage experimentation or innovation, but to assure that all levels of government share responsibility for manpower programs and to encourage elected state and local offiicals to play an active role in manpower efforts.

Improved administration alone is not enough to carry out effective programs. It only helps to secure a better return on the funds, but it is no substitute for adequate appropriations. It is unfortunate that both the Administration and the O'Hara bills ignore any commitment to expand funds for manpower programs. This gap is filled by the Steiger provision which authorizes increased federal appropriations for manpower programs administered by the Labor Department, rising to $3 billion annually by 1974 or about double the current appropriations. Improving the administration of the manpower programs would also justify, indeed dictate, the expansion of additional funds to meet needs.

SCOPE OF LEGISLATION

My own preference would be to establish a federal Department of Education and Manpower. This department would include the present functions assigned to the Office of Education and the manpower programs of the Social and Rehabilitation Service of the Department of Health, Education, and Welfare, and the programs under the Manpower Administration of the Labor Department.

The scope of the present bills under consideration before the Subcommittee is much narrower. It is unfortunate that the Administration bill does not even include all of the programs that are now under the jurisdiction of the Labor Department's Manpower Administration. The Work Incentive program (WIN) established in 1967 under the Social Security Act is excluded from the Administration bill. It is not clear whether the decision reflects jurisdictional problems among executive agencies or is based on the judgment that a more ambitious scope would create Congressional problems in "processing" the bill. Possibly, the Administration did not want to become a party to a jurisdictional hassle between this committee and the Committee on Ways and Means.

Whatever the ultimate fate of the President's Family Assistance Plan, it is quite clear that during the years ahead there will be an increasing interdependence between public assistance and work oriented manpower programs. The Family Assistance Plan is an overdue recognition that a full-time job is not necessarily a cure for proverty. There will be an increasing need to tie in training programs for relief recipients, along the lines designed by WIN, with those for other persons who experience difficulties in securing and holding a job. An overhaul of the current manpower programs should recognize this fact and include WIN, the program devoted to training relief recipients.

My plea is to extend the jursdiction of this committee to cover training provided under WIN, and to include the program as an integral part of the consolidated manpower programs covered by the bill which this Subcommittee may approve.

ECONOMIC STABILIZER

Possibly the most significant innovative feature of the three bills is the Administration's proposal providing for a trigger mechanism to increase expenditures for manpower programs when unemployment rises. The Administration bill provides for an automatic increase of 10 percent in manpower funds when unemployment reaches 4.5 percent of the total labor force for three consecutive months.

While this provision attempts to integrate manpower programs with overall economic policy and is admirable in principle, it is adequate only as an opener. As any poker player knows, more than an initial investment is necessary to win the game. The soundest economic principles are not good enough to feed unemployed workers and their families. The Administration's proposal is only a teaser and needs additional commitment before it becomes part of effective economic policy. At the present level of appropriations, an increase of 10 percent in funds allocated to manpower programs means a boost of about $160 million.

The automatic stabilizer proposed by the Administration is supposed to compensate the victims of policies aimed at restraining inflation. The $160 million in additional funds proposed by the Administration is adequate to provide only for a small minority of the prospective victims of the constraining economic policies. According to Labor Department estimates, a rise of unemployment from the current 3.4 percent to 4.5 percent would during the course of one year raise the number of persons unemployed 15 weeks or longer from 2.5 million to 3.9 million, a boost of 1.4 million long-term unemployed. The number of persons unemployed 26 weeks or more during the year would rise from 1 million to 1.8 million. Using again the Labor Department's own estimates, it would take more than $2 billion to absorb all the long-term unemployed under current MDTA or other work experience programs.

The resort to temporary countercyclical expenditures to provide income or jobs to the unemployed is not without its precedents. In the 1958–1959 recession, Congress provided for Temporary Extended Unemployment Compensation at a total cost of more than $600 million. During 1961–1962, the pricetag of the Temporary Extended Unemployment Compensation was nearly $800 million, and an additional $850 million was appropriated to create jobs in depressed areas. It is true that in both cases unemployment rose to 6 percent and even higher, but our experience during the past decade clearly indicates that the government should step in before unemployment reaches such a high level. And one of the salutary lessons we have learned during the sixties is that the threshold of public tolerance for unemployment has declined. The Administration's proposal to raise manpower funds when unemployment reaches 4.5 percent is therefore sound, but it is not commensurate with the needs of those who become victims of governmental fiscal and monetary policies.

The government must assume responsibility for those who become unemployed as a result of its policies to reduce inflationary pressures. Without raising here any questions about the wisdom of these policies, not a single spokesman for the Administration would argue that the burden of the resulting unemployment should be placed on those who can least afford it.

My recommendation would be to adopt the Administration's proposal of automatically boosting the funds allocated to manpower programs by 10 percent when unemployment reaches 4.5 percent. But Congress should extend this provision by boosting manpower funds 10 percent for each two-tenths percent increase in unemployment. This would mean that the funds allocated to manpower programs would rise automatically by 60 percent when unemployment reaches 5.5 percent. This provision, together with another Administration proposal calling for an automatic extension of unemployment insurance when the number of covered unemployed reaches 4.5 percent (about equivalent to 5.5 percent of total unemployment), would provide a measure of automatic aid to the victims of monetary and fiscal policies.

The Manpower Training Act is a sound and imaginative design for the administration of the Labor Department's manpower programs. The passage of this bill with appropriate changes based on the Steiger and O'Hara bills will go a long way toward consolidating and improving the effectiveness of existing manpower programs that focus on the needs of people who have difficulty in competing in the labor market.

Mr. DANIELS. You may proceed.

Mr. LEVITAN. Since this is my first testimony under the 1969 Tax Reform Act, I think that an introductory statement is in order. The Center for Manpower Policy Studies with which I am associated is supported by funds from the Ford Foundation. My bearing witness before this subcommittee is subject to the constraints of the legislation which you enacted in section 4945 of that law. The record should therefore show that my testimony is based on nonpartisan research and should not in any way be construed as lobbying, perish the thought. But you gentlemen, I am sure, know the difference between lobbying and research.

Mr. DANIELS. We appreciate your coming here in the public interest to give your views.

Mr. LEVITAN. For the past few years I have advocated the consolidation of federally supported manpower programs that would also discourage proliferation of sponsors of manpower projects at the local level.

I believe, Mr. Chairman, that each of the three bills before you will achieve to some extent this end, and the administration bill is both constructive and imaginative in achieving the ends I mentioned. Many provisions of this bill need clarification. I am sure that your hearings will bring these out and that the subcommittee will improve on any of the pending bills.

But, I would like to stress that sound administration is not enough. The name of the game is running manpower programs; it is not how to do it without money. If my reading of today's newspapers is correct, the matter of money may be on your mind this morning.

I think it would be appropriate to spend a few minutes discussing the money provisions of the three bills. Unfortunately, the administration bill does not touch on money. I do not think that you can run manpower programs without a commitment for future spending.

In this connection, I think that Mr. Steiger's bill, which has a definite commitment of rising expenditures, should be a welcome amendment to the administration bill. Reasonable people may disagree about the exact amounts, but I think that Mr. Steiger's provisions are in the right ball park.

As I point out in my prepared statement, a 10-percent rise in total expenditures based on a total appropriation of roughly $1.6 billion means that an increase, in case unemployment rises, of $160 million. I hate to talk about $160 million as "only," but a rise in unemployment from the current 3.4 to 4.5 percent means an annual increase of 1.4 million long-term unemployed of 15 weeks or more. The proposed $160 million will buy very little training or very little work support for them. I recommend that instead of a single 10 percent increase in appropriations when unemployment reaches 4.5 percent, there be a definite tie between increases in manpower funds and increases in unemployment.

If you add 10 percent in manpower money for every 0.2 percent increase in the level of unemployment, that would give, Mr. Chairman, about some $960 million additional funds by the time unemployment reaches 5.5 percent.

Mr. DANIELS. At that point, the Steiger bill authorizes $100 million for fiscal year 1972, $115 million for fiscal year 1973, $125 million for fiscal year 1974, and $150 million for fiscal year 1975 to be used by the Secretary for the purpose of making incentive grants.

Mr. LEVITAN. This is only one part. Mr. Steiger's bill also provides for increasing authorizations rising to $3 billion by 1974.

Mr. DANIELS. That is true. He provides for $2 billion for fiscal year 1971, $2,300 million for fiscal year 1972, $2.5 billion for fiscal year 1973, and $3 billion for fiscal year 1974.

Mr. LEVITAN. I am referring to this authorization. Based on earlier legislation, it is very important to have a definite commitment and to avoid the annual hassle about authorizations. I think Mr. Steiger's provisions—and reasonable men will discharge upon the exact amount—are within the ball park.

I think the administration has a very imaginative provision in the economic stabilizer provision; namely, increasing expenditures for manpower programs if unemployment rises.

Mr. DANIELS. How much do you recommend?

Mr. LEVITAN. It is an arbitrary figure, but my recommendation would add roughly $1 billion to manpower funds by the time unemployment reaches 5.5 percent.

If you would also adopt the Administration's provision of an automatic stabilizer in connection with unemployment insurance, which would become effective when unemployment rises to about 5.5 percent, the two proposals together would provide a significant amount of money for those who are forced into long-term unemployment in a recession.

Mr. Chairman, within a week or so the National Manpower Policy Task Force is scheduled to release a rather comprehensive analysis of the issues raised by the three bills that are before your subcommittee. I don't have it here, but when it becomes available sometime next week, with your permission, I would like to give it to your staff for insertion in the record.

Mr. DANIELS. Mr. Levitan, thank you very much for your testimony. I want you to know it is indeed appreciated. The material you will submit will be inserted in the record following the conclusion of your testimony.

As you are aware, and as you indicate in your testimony, there are three bills pending before us on this very important subject matter. The O'Hara bill, H.R. 11620, differs substantially in the approach to tackling this problem from the Steiger bill. The Steiger bill would place the administration and the operation of the program primarily in the States, whereas under the O'Hara bill, and also under the administration bill, the thrust would direct most authority for the administration of the manpower programs to the Secretary of Labor.

Do you care to comment?

Mr. LEVITAN. The administration would not give a great deal of authority to the Secretary of Labor, though it places upon him the responsibility of administering manpower programs. I don't see that the O'Hara bill changes very much from what we have now, except it takes HEW out of the manpower programs and puts the programs in only one department in the Federal establishment. I don't think that that is enough. I think that Congress has a greater responsibility than just charging the Secretary of Labor to administer manpower programs. The issue is between Mr. Steiger's approach which gives most of the power to State Governors and the administration's approach which provides for shared responsibility between States, localities, and the Federal Government.

In light of serious differences that might develop between States and localities, I would go along with the administration's provision to provide for an automatic pass-through. The trouble is that the administration bill, section 102(a)(2), I believe, is not very clear as to how the "pass-through" would work.

I have it on good authority, namely from the manpower administrator, Mr. Malcolm Lovell, that the "pass-through" would mean that the money would go to the mayor of the central city. The administration should clarify the intent of this section.

I think this is a very reasonable provision for the simple reason that most of the funds under the Manpower Training Act are allocated to the disadvantaged. The mayor of the central city has the biggest problem as far as the long-term unemployed and those who have difficulty competing in the labor market are concerned. Therefore, if we are to put the money in the hands of a responsible elected official, which I believe we should, then passing the money to the mayor of the central city who has to deal basically with this problem is a reasonable way of doing it.

Mr. DANIELS. How does public service employment fit into the Manpower Training Act of 1969?

Mr. LEVITAN. Under the Steiger and administration bills, there is no special provision for public service employment. Each community or each State would work out a plan, and then if a State and community want public employment, they can have it. If a state wants to have other types of manpower programs, it can stress others.

The O'Hara bill stresses public employment. But the O'Hara bill does not provide for any definite funding and administration of public employment. It is another exhortation of guaranteeing public employment, and I am afraid that we may not be able to deliver.

A reading of the O'Hara bill does not tell us what is being promised: What level of wages, what kind of employment, what happens at the local level under the merit system? All these points are not clarified.

Some compare the public provision to the public works of the thirties, but that is not very helpful. I am all for the type of PWA programs that we had in the thirties. As my very good friend Garth Mangum once said, "There is nothing wrong with raking leaves if there are leaves to be raked."

Under the PWA and WPA there were lots of very constructive projects that were built. I am old enough to remember a cartoon that appeared in the New Yorker, in which two ladies were looking at a magnificent bridge. One said to the other, "Mabel, did they build it all leaning on the shovels?" You can do a great deal with public works.

The O'Hara bill apparently suggests that public employment would be for people who cannot get employment. There are few skilled construction workers who are unemployed, which would require building public works without skilled labor. There are too many problems connected with public employment.

I believe we ought to experiment more with public employment projects. We ought to try to have that. Under the administration bill and the Steiger bill, if a community wants public employment projects, it can include them as part of its manpower plan.

I hope that whatever bill comes out from this committee, it will not be more exhortation and another promise of guaranteed employment which we really are not likely to carry out because nobody knows what it will cost and because there is no clear design to overcome the technical problems that are involved in implementing a guaranteed employment plan.

Mr. Daniels. You would not eliminate the concept of public employment entirely to alleviate unemployment?

Mr. Levitan. I certainly would not. All you need for public employment experimentation is a *little more money. As I suggested* a few minutes ago, Mr. Steiger's bill would authorize the expenditure of enough money for experimenting with public employment. The administration's economic stabilizer, increasing funds when unemployment rises, would permit public employment even if the rhetoric promises training. But I think that we should not guarantee public employment since we don't know what we are guaranteeing.

Mr. Daniels. What is your opinion, Dr. Levitan, as to role for work incentive programs for welfare recipients—how would you place that in the manpower program?

Mr. Levitan. I think that the Manpower Training Act, and for that matter all three bills, are entirely too narrow in scope. My own preference would be to have a Department of Education and Manpower that would include not only the work incentive programs, but would include the programs of the Office of Education, the work relief programs, and the Labor Department's manpower programs.

I can sympathize with the Secretary and the administration for trying not to get into jurisdictional problems between your committee, Mr. Chairman, and that of the Ways and Means Committee. But I am not subject to these constraints.

I would definitely include WIN as part of the manpower package because whatever Congress will do to the Family Allowance Plan that the President suggested recently we are going to have in the seventies, increased interdependence between work and relief or income supplements for the working poor—for people who can't make it on their own and who live in poverty even if they work full time.

As you know, Mr. Chairman, there are now about 3 million people working full time, who still live by Government definition in poverty. I think that during the 1970's Congress is going to struggle even more with linking work and income supplements. This is not the place to talk about the family allowance plan or about what type of supplements should be provided.

But any legislation dealing with manpower programs for the disadvantaged should include those who are on relief as part of the package.

Therefore, it seems to me it would be a mistake to enact legislation which will not include the WIN program. That might create some jurisdictional problems with Chairman Mills. This is something I can't worry about. Those are "details."

Mr. Daniels. I would like to call upon my good colleague, from the State of Wisconsin, Mr. Steiger. Do you have any questions?

Mr. Steiger. Thank you, Mr. Chairman.

Mr. Levitan, first of all, I want to pay tribute to the work that you have done, what the Center for Manpower Policy Studies has done, because I think your group has been one of the groups most responsible for the very fact we are having hearings today and the whole concept of manpower training.

There is no disagreement, is there, insofar as you are concerned, either about the concept of decategorization or about the concept of decentralization or the decisionmaking insofar as what programs ought to be carried on?

Mr. LEVITAN. No, I don't think there is any disagreement on that. I think all three bills would do that in one form or another. The O'Hara bill, of course, would do that less than the administration bill and your bill. But the question is how much power would you put in the hands of State governments.

I do think that we have to decentralize manpower programs. I am not sure if we planned it now that we would divide the country into 50 States. But faced with the fact we have the 50 States, the best way is to utilize them and to build up their capability.

I am concerned, Mr. Steiger, that your bill might put too much power in the hands of the Governors. Until the States build up their capability, and also, given various political problems and differences between States and metropolitan areas—very frequently the States and cities are controlled by different political parties—you are going to give too much responsibility to State governments to administrate manpower programs.

Mr. STEIGER. Are you satisfied that using the SMSA is a reasonably good method of attempting to determine the area to be encompassed and, secondly, if there is to be a passthrough, you do agree that the power for the decisions ought to be in the hands of the mayor of the largest single entity of local government in the SMSA?

Mr. LEVITAN. As I said before, Mr. Steiger, the answer to the latter part of your question is yes. The mayor of the central city is going to have the bulk of the problems. He is going to have the bulk of the unemployment, and most of the disadvantaged reside in his area. So if anyone is to be designated prime sponsor, I think the mayors of the central cities should be responsible.

As for being satisfied with the SMSA concept, lets bear in mind that this is just something the economists and statisticians created. Nobody ever lives in the SMSA. It is just a convenient way to designate a labor market or an area where people work. You can't run programs on the basis of SMSA's boundaries, created by manpower analysts.

What do you do with large metropolitan areas? There will be a great deal of problems. The administrators will have to struggle with it. In some cases they will have to break up SMA's in metropolitan areas; Washington is a very good example.

What is going to happen in Prince Georges County or in Montgomery County or Alexandria, Virginia? Will the Labor Department give one bundle of money to Washington, D.C., and ignore Alexandria, Silver Spring, and other communities? Obviously not. There will have to be a departure from the SMSA concept within the State. They will have to work out all sorts of problems as to how to allocate the funds.

But in the final analysis, I think that the administration approach—which you, Mr. Steiger, seem to be endorsing, and I know you have been struggling with it—is sound. If the mayors of the various jurisdictions don't get together, then the mayor of the central city, whether he has 50 percent of the population, or 60 or 40 percent of the population of the SMSA, but he is certainly going to have the bulk of the disadvantaged and should be made responsible for the manpower programs.

Mr. STEIGER. Are you satisfied in terms of what is contained in all three of the bills before this subcommittee in terms of the question of the adequacy of insuring that the training is available both for those who are disadvantaged and perhaps unemployed as well as for those who are presently employed but who need to upgrade to open job opportunities?

Mr. LEVITAN. I think, Mr. Steiger, that the experience—I almost said the poverty kick in the 1960's—is dissipating itself. In the next few years you will be more and more concerned about upgrading and about avoiding the leapfrogging that might have resulted from the manpower programs. For instance, if a family had an income of $3,300 or $3,600, the head of the family was entitled to enroll in these programs. If a person happened to work a little harder and earned $3,700, he was not entitled to enroll.

I am not condemning that kind of an approach. If we wanted to do something for the poor, the rigidity was necessary. We passed many programs for the poor, and then the middle-class and rich people reaped the benefits.

So I think the approach we used in the 1960's was perfectly proper. But in the 1970's I think we are going to place more and more emphasis on the "forgotten American," or the "troubled American," or whatever the favorite phrase happens to be. You will have to do something for them because they are going to demand it. I think they are going to get some attention which they didn't get in the 1960's.

That is why I like your provision, Mr. Steiger, of authorizing automatic increases in manpower programs. If you are going to legislate programs, then you also have to provide the money. The automatic increases that you provided, though only an authorization, are a commitment, to coin a phrase, "a step in the right direction."

If the programs work well and are worthwhile, that is obviously left to the future; at least there is a commitment for the next few years that if the programs work, you don't have to go for authorizing legislation and for substantive legislation. Once the commitment is made, it is up to the appropriation procedures.

Mr. STEIGER. As you know, one of the criticisms that has been leveled against the administration's bill is the feeling on the part of some that it provides for the employment service to be the prime sponsor and the major agency involved in the delivery of services.

Do you have any comment on that criticism or any suggestion to make about how one handles that problem?

Mr. LEVITAN. I share the concern about the capability of the employment service to perform in many places. But we have 2,400 offices of the employment service and we are not going to have a separate and additional publicly supported employment service for disadvantaged persons. So the question is how to improve the employment service.

I think, however, that some have shown exaggerated concern about what will happen to good programs and what will happen to well-operating CAA's?

If you agree that the manpower money goes to the mayor of the central city, and if he has a good CEP or a good CAA, I don't believe that he will let the employment service take over these programs. I think that is an exaggerated fear, although the Labor Department has obviously favored its own employment service. But at the same time, either under your bill or under the Administration bill, wherever you have a good CEP and a good CAA, it is not likely that it would be turned over to the employment service.

I think we have 5 years experience in funding competing organizations in the manpower field and I don't see that the Manpower Training Act would abolish the CAA's.

Mr. STEIGER. One last question before I yield the floor for those who have been patient with me. I appreciate the Chairman's willingness to give time.

Jack Conway, in his statement which follows, cites the testimony of the executive director of the Los Angeles Community Union, given before the Senate Public Welfare Subcommittee that held hearings in Los Angeles.

The director in that statement said, "I submit the Administration bill is remiss in the most crucial area. That is the participation of the community groups." That is the one sentence I want to highlight.

This is something which I know you have struggled with long and hard. I would be interested in any comments you have about this concept and what, if anything, we ought to do or can do to answer that kind of criticism, if it needs answering.

Mr. LEVITAN. Sure, it needs answering, because if Jack Conway says it, I am sure that concerned citizens are worried about it. So I would share Jack Conway's worry.

But lets look at the record. In the last 5 years you spent a lot of money on community action agencies. Few developed a capability to deliver manpower services. And there is no reason to prevent community action agencies from continuing to act as sponsors of programs while employment services perform these functions in most communities.

The fact that many of the employment services will not do their job under any of the bills before this subcommittee is quite obvious. But that is happening right now. This bill is not going to perfect the delivery of services in every city.

But at the same time, I think Mr. Conway has a very legitimate concern. Whether in the legislation itself or in the committee report, there should be some language that would guarantee or at least protect the effective CAA from being ignored in favor of the employment service. I would not want to see a monopoly of one agency doing all the delivery of the services.

Mr. STEIGER. Thank you.

Mr. DANIELS. The gentleman from California, Mr. Burton, do you have any questions?

Mr. BURTON. Yes.

What authority would you give to the CAA? How will we protect their existence from the possibility of the elimination of their funding? More importantly, how much required community involvement should we spell out?

Mr. LEVITAN. Mr. Burton, manpower funds are not the only funds for community action agencies. I hope and I pray, although I cannot lobby—but I can pray I am sure—that you will not discontinue CAP. If you give money for CAP or CAA's, then there won't be anything that would stop them from experimenting, from developing demonstration projects, if this is what the community want to do with CAA money.

Under the Administration bill, there is nothing to prevent—I don't know exactly how Mr. Steiger will allocate the funds—the Secretary of Labor from using the 20 percent money for various types of experimentations.

Mr. BURTON. Yes, I understand that side of it. But the other side of the coin is what should we require by way of participation?

Mr. LEVITAN. I would continue with title 2 of the Economic Opportunity Act. If the CAA's will develop effective experimentation projects, then they will be pulled in. If they don't, then they will not.

Mr. BURTON. Are you saying that if they have an approved plan, that then they could supersede in the core cities the Department of Employment Delivery System?

Mr. LEVITAN. I don't see why not. There is nothing in either bill that would prevent it. And I understand that in a number of cities, the community action agencies will continue as prime sponsors under the mayor of the city. I don't see why that would be discontinued.

Mr. BURTON. You made the point in one of the bills that the public service employment program was perhaps misleading in the sense that it didn't make specific enough promises; or to the extent that if there was a promise at all, there was a great danger it would not be fulfilled.

How would you perfect that notion so that promises were both specific and funded, therefore reducing to the extent we can, as the authorizing committee, the likelihood that it is a promise not intended to be kept or a promise so vague as not to be understandable?

Mr. LEVITAN. I don't think that that can be done because it is not only a question of money. It is a question of concepts and means of implementation. For whom are you going to guarantee this employment? Are you going to guarantee it to everyone? Fine. Then at what wage level are you going to guarantee public employment? What type of employment would you guarantee?

Mr. BURTON. Which wage level would you suggest? Prevailing wages?

Mr. LEVITAN. Obviously, minimum wages. I would not be against the law and you might even talk me into raising the minimum wages a few cents more. But at the same time, given the minimum wages, that is not enough.

Mr. BURTON. You have raised them and knocked them down. Let us talk about prevailing wage for comparable work in the area.

Mr. LEVITAN. That is what I was coming to, Mr. Burton. I would say therefore that wages would vary from community to community. In some communities, you find lots of people are willing to work at minimum or prevailing wages for simple types of tasks such as the traditional road and stream clearances, building of simple roads, and so on.

Mr. BURTON. Hospital aides?

Mr. LEVITAN. Hospital aides.

Mr. BURTON. Teacher aides?

Mr. LEVITAN. You might find that $1.60 is the prevailing wage in the community and you may have people who will accept these kind of jobs. In Operation Mainstream, we have something like that. In your city, Mr. Burton, I don't think you can get people, hospital aides, at $1.60 an hour.

Mr. BURTON. No. I want you to answer my questions. I asked you a question, then you pose a condition upon which you can answer, then you wipe the condition out and say this of course doesn't work. I didn't even ask that question. I asked you not what wouldn't work. I asked you what you would recommend to us.

It occurs to me that we could guarantee the minimum wage and overtime provisions in any event, including fringe benefits but have prevailing wage structures including fringe benefits, whichever are the higher. I didn't want to lead you into that. I wanted to see if you would come to that. Does that not disturb you?

Mr. LEVITAN. No, not in the least.

Mr. BURTON. If that wage factor were handled, then we would be talking about funding and at least on those two points we would eliminate the vagueness of the promise, would we not?

Mr. LEVITAN. Yes.

Mr. BURTON. How do we get to the more critical question as to whom should this opportunity run? If you were called upon to give us your best opinion, whether or not you approved of the notion, to whom should this opportunity run?

Mr. LEVITAN. I would think, Mr. Burton, that it would depend upon the local merit system regulations, the policies of the various institutions, the training that can be done, the kind of vacancies that are available, ana the kind of people who are looking for jobs and who cannot get work in the open labor market.

Mr. BURTON. You are not advocating that this national legislation be hamstrung by the great variety of local merit system arrangements built in by each city oligarchy, are you?

Mr. LEVITAN. When you blame it on city oligarchy, I am not for that.

You see, Mr. Burton, if you are going to put people in jobs, in a hospital or in a school, then their qualifications and working conditions have to be determined by local customs and local practices. If you are going to give a city some money to hire these people, then you may, as a condition of giving the money, say that they will forego all their previous practices. I really don't think we want to do that.

Again you will acuse me of not giving a clear answer—I would suggest that there is a problem of credentialing and of unreasonable qualifications. These things I think should be subject to a case-by-case handling in each city and in each State. The community in presenting a manpower plan will have to specify public employment conditions. You can't do it, Mr. Burton, on a national basis. You might and should make provisions to pay prevailing wages. Then let the community work it out. You can't do it from Washington. Local practices differ too much.

If you want to fund programs on a case-by-basis as we have done in the last 7 or 8 years, then the Labor Department officials in Washington are forced to shuffle papers instead of doing the things they do best: Provide technical assistance, monitor projects, and help with evaluation.

Mr. BURTON. Should I conclude from your remarks that the legislation should require observance of public merit system regulations?

Mr. LEVITAN. No.

Mr. BURTON. One final question: Develop for us again, if you will, the criticism in your statement that the WIN program is effectively precluded from the operation of apparently all three of these bills.

Mr. LEVITAN. That is correct.

Mr. BURTON. I don't understand that. Will you tell us why you think that is an irrational exclusion?

Mr. LEVITAN. I wouldn't say irrational, but I would not do it that way for the simple reason that as I suggested before, Mr. Burton, I think that there is going to be an increasing interdependence between work and the manpower programs for the disadvantaged. This is not a partisan matter anymore. Whether you favor the Democratic O'Hara bill guaranteeing employment, or whether you go the route of family assistance plan that the President suggested, we are going to have increasing income supplements.

Any program that deals with work incentives for relief people—and I am sufficiently old-fashioned to believe that we ought to encourage people to work—ought to encourage them, sometimes goad them, into working. Therefore a program that deals with encouraging people to work should be part of the manpower package.

Mr. BURTON. May I just redo this. If this committee excludes from its consideration all those potentially eligible under the administration's family plan, we are in effect precluding ourselves from having this legislation have an impact on the whole layer of the lowest income people or wage earners in the country.

Mr. LEVITAN. If you pass this legislation, and improve the delivery of the programs for disadvantaged there will be some carryover to WIN and to other working poor if Congress also enacts the Family Assistance Plan. But I don't see any reason for having that as a separate package since both programs would be supported mostly by Federal funds.

Also, the same institutions that would be developed under WIN are going to expand to a much larger extent under the Family Assistance Plan. Whatever manpower bill is finally approved, it would duplicate institutions supported by WIN. Day care will be necessary especially for a woman on WIN or on other training programs.

There will also be, I think, an increasing—I referred to it before—emphasis on helping people who are above the poverty level. Let us say the family makes $5,000 or $6,000 a year and the woman works. She may have need for day care provisions just as much as her poor neighbor. Therefore there is no reason for having a separate program, day care under WIN, and duplicate facilities under the other manpower programs.

Mr. BURTON. Thank you.

Mr. DANIELS. The gentleman from Illinois, Mr. Erlinborn, do you have any questions?

Mr. ERLENBORN. Thank you, Mr. Chairman.

I will take just a minute or two. I have read your statement, Mr. Levitan, since I came in. I notice that it apparently approves of the general direction of the administration's manpower bill. Is my impression correct?

Mr. LEVITAN. Yes, sir.

Mr. ERLENBORN. Do you feel there are elements in both the Steiger and O'Hara bills that also have merit that might be considered or, in your opinion, might well be added to the administration bill? Is that correct?

Mr. LEVITAN. That is correct.

Mr. ERLENBORN. Would you like to spell out briefly the provisions of the Steiger and O'Hara bills that you think have merit and would be good additions to the administration bill?

Mr. LEVITAN. One provision of the Steiger bill, which I already singled out and which deserves definite consideration, is the commitment of additional funds as the programs are improved and as the load of the programs increase.

I just mentioned that manpower programs should not be limited only to the poor, that we may want to do something for the $5,000 to $10,000 a year families—provide day care facilities or upgrading. If you agree with this approach, then that bill requires additional commitment.

Mr. Steiger's provision of an automatic increase in authorization, building up to $3 billion by 1974, seems to me a not excessive or unreasonable amount.

The O'Hara bill—and I am singling out one provision from each to show nonpartisanship—emphasizes public employment. Despite the very real problems to which I alluded earlier, I think that the O'Hara bill calls attention to upgrading and to creating jobs for people who can't compete effectively in the labor market. I think we ought to experiment a great deal more with efforts of providing work, of creating jobs.

Mr. ERLENBORN. You mentioned providing jobs in the public sector for those who can't compete in the labor market. Would you define what you mean by can't compete? Physical handicap?

Mr. LEVITAN. Physical, mental, educational discrimination, the whole gamut of things that can prevent people from getting jobs, and also deny opportunities for promotion.

I think that the emphasis we placed in the beginning of the last decade just on a job is not enough. We have found as a result of our experimentation with the OEO programs and with the manpower programs that very frequently it is not a question of a job. It is a question of a job with an opportunity that does not stop at $1.60.

There are many jobs that don't lead to promotion. The whole health field is filled with these kinds of jobs that place unrealistic obstacles to promotions of workers starting at entry jobs. This works also to the detriment of these institutions for the simple reason that it cuts off the supply of personnel above entry level jobs because they simply don't promote.

As a result, these institutions suffer a high turnover because there is no hope for the people at the bottom who enter a menial job in the hospital. Workers who seek upgrading and have the ability to learn find that there are no institutional provisions for them to learn and to be promoted.

I think this is the point which Mr. Burton referred to before Manpower programs can help stimulate personnel changes in hospitals and other public and educational institutions. This is something very much worth working for in the manpower programs.

Mr. Erlenborn. I take it that your approval of the administration approach includes an approval of a unified delivery system, rather than having separate parallel and somewhat competing programs as we presently have?

Mr. Levitan. That is correct, sir.

Mr. Erlenborn. Also, an approval of the concept of greater State involvement? Some even describe the administration bill as ultimately being a vehicle for dispensation of funds to the States more than anything else.

Would you agree with that and approve of it?

Mr. Levitan. If the intent is the dispensation of funds to a State to build up a technical capability, then I would definitely approve. I hope the administration bill would be clearer on that point.

The responsibility of the Federal Government should not end with the disbursing of money as we do under the education grant in aid programs. All the Federal Government does is calculate how much a State gets under the formula provided by you gentlemen in Congress.

I think the city mayor has a responsibility and the State Governor has a responsibility and the Secretary of Labor or the Congress of the United States has a responsibility for manpower programs. Not only is it a local responsibility but also a Federal responsibility, not because you in your generosity give the money, but because manpower programs are frequently national problems that should be dealt with at the national level.

Therefore, what the administration bill does is to take into consideration all the levels of government. And I see no reason that we should assign responsibility for manpower programs entirely to the State.

Mr. Daniels. Will the gentleman yield there?

Mr. Erlenborn. Yes.

Mr. Daniels. Where would you put the ultimate responsibility of the administration in the program, the Federal, State, or local authorities?

Mr. Levitan. Neither, sir, for the simple reason I think it is not anybody's responsibility. Providing the plan of what should be done in Community "X", Mr. Daniels, obviously is the mayor's responsibility if he wants to discharge his duties and to be reelected. A large city can develop the capability with little technical assistance from the State government.

But in a smaller community or in a rural area, we can't expect that the local county supervisors or whoever runs the county would be able to develop that kind of capability.

Mr. Daniels. Would you disburse this authority amongst all three levels of government?

Mr. Levitan. Yes, sir. I think that each level of government has certain responsibilities for manpower programs. The State should provide technical assistance and develop better capabilities to help communities. The Secretary of Labor has the responsibility of disbursing the money, providing technical assistance, and monitoring and evaluating manpower programs. The Federal Government does very little of that now for the simple reason that they spend too much time shuffling papers. They are forced into that position because they are required to administer categorical programs. Federal personnel should be available to monitor programs to see that whatever objectives and goals that you in Congress establish as national policy are carried out. Somebody has to see that your policies are carried out. I think this is the responsibility of the manpower programs and should be in the Labor Department.

Mr. DANIELS. Thank you.

Mr. ERLENBORN. Thank you very much.

Mr. DANIELS. Mr. Steiger.

Mr. STEIGER. One of the problems, Mr. Levitan, and you mention it in your statement when you say that you favor a Department of Education and Manpower Training, let us assume that that ideal is not reachable in the foreseeable future. What, if any, criticisms or suggestions have you to offer in terms of concern that is being raised by people in vocational education over the provisions of the manpower bills and the fact that they think this tends to set up duplicative training institutions?

Mr. LEVITAN. I would say, Mr. Steiger, and I know my friends in HEW are going to hit me for it, that those are scare tactics to prevent passage of the Manpower Training Act or similar legislation. During the past 7 years under the Manpower Development and Training Act, HEW worked with the Labor Department and no dual training system developed. The allegation is also made that NYA supposedly created a dual school system in the 1930's. It did not.

Instead of outright opposition to the MTA or the Steiger bill or the O'Hara bill, some raise the specter that manpower programs would create a local school system or duplicate training programs.

Mr. STEIGER. Thank you.

Mr. DANIELS. On behalf of the committee, doctor, I want to thank you for your testimony.

(The following pamphlet was submitted for the record:)

IMPROVING THE NATION'S MANPOWER EFFORTS

(A position paper by the National Manpower Policy Task Force)

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FOREWORD

The National Manpower Policy Task Force is a private nonprofit organization of academic manpower experts. It is devoted to the promotion of research in manpower policy. This statement represents the combined judgment of the Task Force members. Despite divergence of opinion on details, the members agreed to a unanimous statement without indicating individual exceptions.

IMPROVING THE NATION'S MANPOWER EFFORTS

During the sixties the federal government launched a series of manpower programs. The over-all direction and thrust of these efforts was salutary; they emphasized the needs of millions of citizens who could not compete successfully in the labor market because of a lack of skills or motivation, deficient education, or discrimination. The execution of these programs, however, left much to be desired. The multiplicity of program sponsors at the local level made the delivery of effective manpower services very difficult. The programs were characterized by varying eligibility criteria, overlapping services, and conflicting regulations. After seven years of expanding the manpower programs, there is a pressing need to overhaul these categorical and disjointed efforts.

As we enter a new decade, we should take advantage of the lessons that have been learned from the vast experimentation of the sixties. Improving the administration of manpower programs and related services to maximize their impact is just as important at this moment as adding funds, and as the administration of manpower programs is improved, it is essential that funds be further expanded. Considering the extent of need, the additional funds become even more justifiable as the effectiveness of the programs is enhanced.

The Administration and Congress have recognized the pressing need for a comprehensive manpower effort building on the experience of the sixties. Three major proposals are now pending before Congress, and we believe that the enactment of new legislation will provide, in the words of Secretary of Labor George P. Shultz, "more effective services to the individuals and communities that need them . . . and at the same time invigorate established institutions of government . . . and our manpower programs." Enactment of the best provisions in each of the three bills would be an achievement comparable to the initiation and expansion of the manpower programs of the last seven years.

THE PROPOSALS

The major proposals for overhauling existing manpower programs enjoy bipartisan support. Sponsors of the bills are Representative William A. Steiger (HR 10908), Representative James G. O'Hara (HR 11620), and Senator Jacob K. Javits (S 2838, proposed by the Administration). All have a common objective and approach, though they differ in respect to the responsibilities assigned to federal, state, and local levels. All can be appropriately described as comprehensive remedial manpower legislation insofar as they embrace services aimed at the employment of disadvantaged persons. The bills contemplate the consolidation of several discrete pieces of manpower legislation and list a broad range of services that can be provided, leaving the mix of services offered to individuals in any particular state or community to administrative discretion.

All three bills seek some form of state and local planning to adapt the use of funds to area needs, and all seek flexibility in working out specific programs. The Administration and Steiger bills would shift the locus of state and local authority from professional or community-based administrators to elected officials.

Both the O'Hara and the Administration bills contain specific features which go beyond the issues of consolidating comprehensive remedial services and of shifting state and local responsibility. The O'Hara bill places no restrictions upon eligibility for services except that only unemployed workers can qualify for public service employment. The Steiger and Administration bills emphasize the training and employment of the unemployed and the poor, and the O'Hara bill also provides for the upgrading of trainees after they are employed.

The scope of all three bills is limited to the consolidation of the Manpower Development and Training Act, the manpower programs of the Economic Opportunity Act (the Job Corps retains its separate identity in the Administration bill), and the Employment Service insofar as it is involved in such programs. The Work Incentive program (WIN), unemployment insurance, and the administrative funds for the Employment Service would remain unaffected because they are currently funded under the Social Security Act. The Vocational Rehabilitation and Vocational Education Acts are also untouched by the proposed legislation, except that the Administration bill promises closer coordination with existing manpower programs. The decision to consolidate only the manpower programs currently administered by the Labor Department, and to exclude related programs administered by other agencies, probably reflects the sponsors' belief that more ambitious efforts would kill the chances of the proposed legislation.

The Steiger bill anticipates agreements between the Secretary of Labor and the governor of each state which would provide for manpower services based upon plans drawn up by the state education agency and the employment service as well as representatives of labor, management, and public and private manpower agencies. Institutional training (with preference for skill centers) would be provided by state education agencies with HEW approval; state employment agencies would offer placement services. Seventy percent of the available federal funds would be allocated among the states according to the size of their labor force, number of unemployed, and number of youths aged 14 to 17. The other 30 percent is for use by the Secretary of Labor for national, experimental, and demonstration projects. Where states proved to be unresponsive to the needs of their disadvantaged populations, the Secretaries of Labor and HEW are authorized to mount direct federal programs. On the other hand, incentive grants could be made to the "resourceful and imaginative" states. Only the Steiger bill carries a specified expenditure authorization, which would rise to $3 billion annually by 1974.

The O'Hara bill places responsibility upon the Secretary of Labor to provide "comprehensive manpower services," either directly or through contracts with state and local public agencies or private organizations. It does not contain the specific allocation provisions to states and cities found in the other bills. The O'Hara bill also includes a provision for upgrading employed workers, a public-service job-creation program, and an allocation of 2 percent of appropriated funds to research.

The Administration bill authorizes the governor of each state to appoint state "prime sponsors" for manpower programs. For metropolitan areas, the governor would appoint a prime sponsor from units of local government, unless the highest elected officials representing 75 percent of the population of the metropolitan area agree upon a public or private agency to serve as prime sponsor. The prime sponsor at the state level would be a comprehensive manpower agency composed of the state public employment service, the unemployment compensation agency, and state-funded manpower agencies. Other agencies could be included at the discretion of the governor. The Administration bill would also create state manpower planning agencies with representation from state agencies, private groups and potential clients. The governor of the state would be required to obtain federal approval for a three- to five-year comprehensive plan to be updated annually. Parallel plans would be prepared at local levels. Seventy-five percent of available federal funds would be allocated to the states. Each state would initially receive 25 percent of its total allocation after a plan is developed and approved, 67 percent upon designation and approval of its state and local prime sponsors, and the balance upon evidence of "exemplary performance." An additional 5 percent of total federal funds would support supplementary efforts, with the states and localities adding $1 for every $2 contributed by the federal government. A "pass through" of funds to the local prime sponsor would be guaranteed. The remaining twenty percent of federal funds would be retained for use at the discretion of the Secretary of Labor who would also develop federal standards and priorities for state and local planning.

The Administration bill also calls for an independent Job Corps, provides for the establishment of national, regional, and local computer-based job banks, and authorizes a 10 percent increase in manpower expenditures whenever unemployment rises above 4.5 percent for three consecutive months.

CENTRAL QUESTIONS

1. "*Creative Federalism*"

Existing manpower programs stimulate competition but also promote confusion. Tidier administration of manpower programs is to be encouraged, and the present bills contribute to this by moving in the direction of consolidated funding of manpower programs. Accompanying every federally-sponsored program is the issue concerning the proper roles of state and local governments. This problem is compounded because political and economic boundaries are not identical. Although most metropoltan areas are subdivided into autonomous local government jurisdictions, the contiguous communities form cohesive labor markets and economic units.

Proposed shifts in governmental roles must take into account the inherent limits of the federal government to plan and operate programs and the increasing steps taken by state and local governments to improve their capabilities in administering manpower programs. At the same time, we must face the fact that even where states and localities are desirous of taking over manpower programs, they often lack the capacity to do so. While some are now capable of assuming such planning and operational responsibilities, others will require time, perhaps several years before they can do so effectively.

The three bills deal differently with these problems. The O'Hara bill would retain the Secretary of Labor's authority to contract for agreed services with state and local governments as he sees fit. The Steiger bill would transfer authority to state governors. The Administration bill also bolsters the governors' authority, though it includes a mandatory "pass through" of funds to the local governments which would have the right to choose their own prime sponsor for metropolitan manpower programs. For this provision to become operative, the Administration bill requires, as we have noted, that the chief executives representing 75 percent of the metropolitan population must agree on a prime sponsor. Otherwise the authority to select the prime sponsor belongs to the governor, and in most cases he would be obliged to select the mayor of the central city to act as prime sponsor of metropolitan manpower programs.

Although there are some differences in details, the Administration bill includes much that we proposed in our January 1969 position paper on this question. It seeks to design a balanced system of shared power. It retains federal control, guidance, and appraisal, while providing state or local initiative in ways calculated to enhance political accountability, energize local talent, and improve administrative performance. Preserving this delicate balance is essential, but there is the real danger that a restrictive interpretation of the Administration's bill could tilt the balance too heavily toward the states. If this effort to devise a fruitful compromise results in unlimited state control, then it would be preferable to continue our present system.

We agree with the Administration approach which vests in the Secretary of Labor over-all responsibility for manpower programs. We also believe that the detailed planning and organizing of services are best performed at levels that are in immediate contact with the beneficiaries of the services. The Secretary should therefore be charged with systematically turning over responsibility for these tasks to state and local governments wherever he finds the capability, and he should be charged with encouraging and supporting the development of that capability. In the meantime, he must have the flexibility to organize the highest quality manpower services within the resources allotted to him. The Administration bill retains for the Secretary of Labor discretionary power over at least one-fourth of the manpower funds, and we believe that should permit him the necessary flexibility to meet his responsibilities.

2. *Incentives and Planning*

Even if the best proposals of all bills were adopted, basic problems associated with planning and delivery of manpower services would remain. The incentives offered by the Administration and Steiger bills for exemplary performance requiring state and local matching of funds are not likely to encourage special efforts. And past experience with state or local "planning" by federal edict, usually performed to qualify for federal largesse, does not justify excessive optimism. Nonetheless, the current proposals offer an orderly mechanism for disbursing federal funds and provide for project monitoring to assure that federal objectives are pursued. We believe that the Administration bill's provision empowering the Secretary of Labor to "item veto" specific proposals without invalidating an entire state or local manpower plan is a potentially effective way of preserving his over-all responsibility for the administration of manpower policy. There is also provision for review of state plans in the light of national objectives.

3. *Scope*

Consolidation of most of the programs currently administered by the Labor Department is an important step in improving the effectiveness of federally-funded manpower programs, primarily for the disadvantaged. We look forward to the time when the proposed consolidation will be broadened to include such major related programs as the Work Incentive program. Vocational Rehabilitation and Vocational Education should be planned jointly with the remedial manpower program. We attach great importance to the fact that the pending legislation would permit, and even encourage, governors to exercise wide discretion in bringing all manpower and manpower-related programs under the purview of manpower planning agencies. The potentialities can be gleaned from efforts in California, Michigan, Oregon, Utah, and other states that are experimenting with comprehensive manpower planning agencies. These new developments should be carefully monitored so that successful patterns can be quickly disseminated for the guidance of other states.

A truly comprehensive manpower policy, however, would be concerned with economic, educational, welfare, and labor market measures. The development and effective utilization of high-level talent and skills are also important components of manpower policy with federal responsibility.

4. *Preventive and Remedial Training*

Fears have been expressed that consolidated manpower programs would establish a dual educational system. We believe that such fears are unfounded. The expansion of manpower programs during the past seven years has left vocational educators in control of institutional training. Out of the experience of the sixties have emerged multiple tracks for getting the disadvantaged into jobs—institutional skill training, on-the-job training, work experience, and subsidized private employment. It is at least seven years too late to be fearful of a dual system.

We also believe that there is little basis for the criticism that the proposed bills will shift funds from preventive vocational education to remedial manpower programs. Vocational education has unquestionably been underfunded. But this has occurred because prevention has been underemphasized, not because remedial programs have been overfinanced. Only the Steiger bill specifically authorizes increases in remedial funds and none of the bills recommend that any increases come as a result of diversion from elsewhere. The emphasis in all three bills is upon consolidating present remedial funds. The proposed legislation would not mute the legitimate differences between preventive and remedial education. Consolidation of manpower programs for the disadvantaged is not likely to infringe upon the educator's domain in offering vocational training. If both vocational and general education programs were more effective, there would be less need for remedial manpower programs. Fears that manpower programs will encroach upon vocational education are therefore unwarranted.

At the same time, the absence of cooperation in planning and operating training programs under traditional vocational and manpower programs leaves a notable gap in the move toward a comprehensive manpower policy. This void will become even more detrimental as vocational schools place increased emphasis on programs for the disadvantaged, as specified in the Vocational Education Act of 1968. One way of fostering closer working arrangements between officials of manpower programs and vocational educators is to encourage the former to purchase services offered by vocational schools. Vocational educators should be encouraged, through appropriate funding arrangements, to make greater use of the Employment Service in determining labor market needs and in placing graduates of vocational schools. Vocational educators and the administrators of manpower programs should also intensify their efforts by utilizing their resources to accommodate the varied needs of institutional and on-the-job trainees as well as enrollees in other manpower programs.

5. *Political Responsibility*

Another issue raised by the Administration bill, and to a lesser extent by the Steiger bill, is whether authority over manpower programs should rest with elected officials of general government or with the relatively permanent and autonomous civil servants administering functional agencies. The trend for many years has been to remove public service functions from political pressures by placing responsibility in the hands of permanent civil servants. State and local governments have tended to insulate selected governmental functions. By protecting these activities from immediate political pressures, it was assumed, their quality and effectiveness would be enhanced. Until the past decade, federal legislation generally supported this practice.

But the charge has been repeatedly voiced that long-established public agencies dominated by entrenched professionals tend to lose touch with the changing interests and needs of program beneficiaries. The proposed solution is to shift responsibility to elected officials who are presumably more responsive to the wishes of the electorate. Political officials, it is argued, are not committed to the *status quo* in particular agencies and programs and are therefore more likely to respond positively to the expressed interests of participants and to proposed innovations.

More recently, therefore, such diverse legislation as model cities, health, and law enforcement has emphasized the role of elected state and local officials.

This new tendency, of which the manpower bill is perhaps the most far-reaching example, reflects impatience with the sluggishness of functional agencies in meeting the problems generated by rapid social change.

Vesting ultimate responsibility for performance with elected officials does not negate the need for professional competence. The trend toward professionalization of personnel involved in delivering manpower training and related services is likely to act as a brake on impetuous changes in policy and approach. But it can also be argued that the shift in authority and funds to elected officials requires alternatives to traditional agencies. Community action developed as a federally supported effort has involved program beneficiaries in planning; it has challenged traditional agencies with innovative programs, and it has provided alternative routes to surface talented individuals who would not have made it through customary channels of civil service and professional requirements in the ordinary course of events.

It would be most unfortunate if these benefits were lost. The best of the community action agencies can continue to perform these functions to some degree and serve as an additional watchdog on political performance. Legislation or regulations should stress the importance of their involvement in the planning process and, where past performance warrants, their potential use as prime sponsors for manpower progress.

We are convinced, however, that it is time to place responsibility for performance in the hands of elected officials who must answer to the voters they serve. We share the concern over the competence and commitment of many state and local governments and agencies. On the other hand, we are not persuaded of the all-sufficiency of the federal government's wisdom. Projects must, in the final analysis, be implemented by local talent. Experience has clearly demonstrated that there are definite limits to the number of grants and contracts the Department of Labor can negotiate, fund, monitor, and evaluate. Relying primarily upon governors, with "pass through" to the mayors, requiring accountability for decisions at both levels, is in keeping with democratic concepts. Smaller communities and rural areas have much to gain by improving the capability of state governments.

6. *Job Creation in the Public Sector*

All three bills under consideration provide for public service employment. In the Administration and Steiger bills, such employment is merely one among the many enumerated "eligible activities." Thus a substantial public service employment program could be developed only at the expense of other program components that are already underfinanced, and only at the initiative of state and local authorities who have had little or no experience in designing and administering this kind of program.

In the O'Hara bill, however, public service employment is an essential component, expressed in a new concept: guaranteed work or training for every employable individual. The emphasis is upon providing income for needy persons. "The need of the community for the services . . ." is only one of six criteria to be considered in evaluating proposals, and eligibility is limited to unemployed or part-time workers who have been unable to find other employment or to qualify for a training program. If employment in such projects is indeed "guaranteed," it will be essential to develop solutions for the problems of motivation and supervision that are likely to arise; and it may be difficult to identify jobs that are within the capabilities of a work force composed exclusively of the hard-to-employ. Moreover, the "guarantee" concept implies an open-ended commitment of funds, with expenditures determined by the number of eligible applicants. It would be desirable to develop some basis for a reasonably firm estimate of costs in order to avoid the possibility of a repudiation or limitation of the employment "guarantee."

There are compelling reasons for a substantial federal initiative in this area while new and unanticipated problems are being met and solved. We believe that the federal government, without precluding programs of this kind by state and local governments, should undertake the development of viable approaches to public sector job creation. Since it is likely that more than one pattern will be needed, a reasonable amount of experimentation, closely monitored and thoroughly analyzed, is essential to design a large-scale program of public service employment. We surely know enough to move well beyond the pilot program stage; but we would be taking unknown and possibly large risks by launching an open-ended program of guaranteed employment.

The O'Hara bill sets forth a highly desirable and perhaps essential goal for our affluent society by giving a guarantee of work or training to everyone who is willing and able to work but who is excluded from or unable to compete in conventional labor markets. We accept that goal. We recognize, however, the lack of necessary experience to achieve it and urge active experimentation with projects to help determine the most efficient means of guaranteeing work to all who seek employment.

SUMMARY: TOWARD A COMPREHENSIVE MANPOWER POLICY

The manpower programs affected by the three bills have been chiefly remedial, focusing upon reducing the employment disadvantages of individuals who have difficulty competing in local labor markets. This is an essential aspect of any manpower policy. All three bills continue this remedial emphasis insofar as priorities in authorized services are concerned, and all contain provisions that will strengthen the foundations of a national manpower policy more comprehensively than one which is primarily remedial in character.

The Administration bill, in particular, mandates important practical steps in this direction. Noteworthy are the provisions for a computerized job bank program, for automatic increases in appropriations when the level of economic activity deteriorates, and for research concerning labor market resources and processes and their relation to the over-all operation of the economy, both nationally and locally. Such mechanisms are necessary ingredients of a manpower program which seeks to maximize productive employment and the economic welfare of *all* members of the labor force as well as to satisfy the total manpower needs of private and public employers. Implementation of these provisions is essential for preventive and remedial action, and for making it possible to synchronize manpower policy with other over-all economic policies in simultaneously achieving stability and growth in a high employment economy.

For maximum effectiveness, manpower policy must differ significantly in recession and inflationary periods. One of the dangers in shifting operating responsibilities to state and local levels may be the creation of a rigid system unable to adjust rapidly to changing economic environments affecting the nation as well as particular localities. This danger can be avoided if the federal government is responsible for ensuring the counter-cyclical contributions of the system.

All three bills endorse the concept of a single comprehensive manpower package for the disadvantaged, embracing the combined services and at least the budgets of the present programs. They also uniformly provide for flexible adaptation to community and individual needs. The differences in the bills are chiefly matters of implementation, plus the addition of peripheral proposals.

As we did in our January 1969 report, prior to the introduction of these bills, we endorse without reservation the comprehensive concept. The Steiger bill is commendable for its forthright budget authorization, the O'Hara bill for its upgrading and public service employment provisions, and the Administration bill for its commitment to the needs of the disadvantaged, its efforts to develop state and local responsibilities while retaining a strong federal role, and its provisions for job banks and an automatic economic stabilizer.

We urge Congress to enact this year manpower legislation which embodies the best of the three bills. This action would not only strengthen state and local manpower planning and operating responsibilities under federal support and guidance, but would also be a significant step toward the development of a national manpower policy.

Mr. DANIELS. Our next witness is Mr. Jack T. Conway, president of the Committee for Community Affairs.

STATEMENT OF JACK T. CONWAY, PRESIDENT, COMMITTEE FOR COMMUNITY AFFAIRS, ACCOMPANIED BY WOODY GINSBURG, DIRECTOR, RESEARCH AND PUBLIC POLICY, AND JACK BEIDLER, EXECUTIVE DIRECTOR, COMMITTEE FOR COMMUNITY AFFAIRS

Mr. CONWAY. It is a pleasure to appear before your committee today, Mr. Chairman.

I would like to make a couple of opening statements in order to clarify my particular posture here. As Mr. Levitan pointed out, there is a new tax law which is in effect as of the first of January. It affects all kinds of organizations and people. I happen to be the president of two organizations. One is a tax-exempt, nonprofit corporation called the Center for Community Change.

Under the new law, I would not be able to appear here today and try to influence the committee unless I did it in a form which was characterized as research and analysis and nonpartisan and so on.

We are going to equip ourselves to be able to do that kind of thing. We are going to create a special division in the center for community change called research and public policy. Mr. Ginsburg, on my left, will be the director of that and would be in a position to respond to any requests from any committee or any part of the Government, either Federal, State or local, to respond on matters of this kind within the framework of the new tax law.

On the other hand I am the head of an organization called the Committee for Community Affairs which is not a tax-exempt organization and is in a position to attempt to influence the legislative process. I am appearing today as a representative of that organization because I would hope, unlike Mr. Levitan, to influence you in your deliberations.

So I am appearing here today as a witness clearly attempting to influence your judgment.

Mr. BURTON. Would you repeat that, please? [Laughter.]

Mr. CONWAY. Mr. Jack Beidler on my right is the executive director of the Committee for Community Affairs. I am sure most of you have seen him on the Hill and in your offices at one time or other. He is a registered lobbyist. He is here in a legitimate capacity.

Mr. STEIGER. Do we have to ask two sets of questions?

Mr. CONWAY. You can ask any questions you want but I am answering them as the head of the organization that is free to come here and try to influence you.

I really want to do two things here today, if I can. I have a prepared statement which you have. The thrust of that statement is essentially twofold.

One is that I express concern about the fact that there is an unusual amount of attention being paid to the administrative machinery of the manpower legislation. I think that under the guise of this kind of tightening up, it is possible to throw the baby out with a bath and if the Congress of the United States were in effect to turn back the manpower programs to the State employment services, at this stage of its development, I think it would be a very serious mistake.

Not because the present system is perfect. It isn't by a long way.

But I think there has been an enormous amount of progress made in the last decade, starting with the area redevelopment bill, and then the various manpower bills that your committee has brought forward, and the competition that was injected into the manpower training area by the passage of the Economic Opportunity Act.

I was the first community action director of OEO. We spent an enormous amount of time in those early weeks and months of the Office of Economic Opportunity attempting to set up some kind of working relationship with the Department of Labor and the employment services around the country in order to get into operation some form of manpower training and some form of employment programs which would loosen the whole system up and begin to provide some kind of results in this area.

It was a horrendous battle, I want to assure you, working with the Department of Labor at that time. It has changed a great deal since then. I think for the better.

But loosening up the control of the Employment Service in the Department of Labor was the single most important thing I think that came out of the Economic Opportunity Act in this area, followed on, of course, by a whole series of efforts on the part of the Congress of the United States to influence the executive branch of the Government to experiment, to try different kinds of things.

The green thumb program was a good example, an effort to kind of put together programs within the States in the open areas where it would be possible to get labor incentive programs comparable to the kinds that were done under the WPA affecting the lives of adults.

The special impact program was another example of the Congress working its will in attempting to influence the course of events and to bring about conditions within the various communities that would provide jobs, coupled with some form of economic development on a scale large enough to begin to affect the course of events in a particular community.

The concentrated employment program is another example of the Congress in a sense forcing its will on the executive branch to try to bring about a specialized kind of program that would provide direct employment for unemployable adults.

A whole series of youth programs were developed, the Job Corps, the Neighborhood Youth Corps, the Experimental and Development Section of the Department of Labor, some of which are very good.

I think it has to be said that all through this period most of the progress, most of the innovation that has been made, and there hasn't been enough of it, was made outside of the framework of the Employment Service.

I think that it would be a serious mistake to put the control and the administration of all manpower programs back into the hands of the Employment Service.

When I testified before the Senate, your colleague, Gaylord Nelson, was very much concerned about the question that you raised a little bit earlier, about why not give the State an opportunity to show that with their modernization and the way things have been moving in recent years, why not give the States an opportunity to show that they could carry out creative and effective manpower programs.

I don't think that any effort should be made to stop the States from doing that. On the other hand, I think it would be a terrible thing to let the States and the Governors in particular stop other kinds of programs if they don't fit into a particular format.

Already, I think by administrative design, the present administration of the Department of Labor is stifling the concentrated employment program by making it a requirement that a program has to come up through the State and has to get the approvals. You can get the approvals in some States for programs of this kind, but there are other States where you just bat your head against a wall and can't make any progress at all.

In your State, Congressman Burton, the Watts Labor Action Committee is carrying out an extensive manpower program, none of which has been approved by the State, none of which has come through the State administration.

When Ed Torres testified before the Senate subcommittee in Los Angeles, he was really addressing himself to this kind of question. If he has to go to the State employment service to get approval to be able to carry out the manpower program in east Los Angeles, he feels and I think he is right, that he just isn't going to make it that way, that the only way to make it is really to be able to direct his attention and energies to the Secretary of Labor and use the flexibility that the present law provides the Secretary of Labor to get some program designed for east Los Angeles, which is meaningful to the people who live there.

This was a program in east Los Angeles designed for that area especially. Three companies were given, with the cooperation of the city of Los Angeles, a 50-year lease on the old city jail, to carry out an economic development program under this special impact section of the OEO legislation. That was 2 years ago. Some $2,200,000 in money was made available to these three companies and nothing has happened.

Now, the community is quite upset by the fact that some of that money is already spent. There have been no jobs created in the jail. The jail is still there and it is still empty. The question is what do you do? How do you get hold of these things? There is no automatic answer.

I don't think that I would be doing you a favor, or anybody that I am associated with a favor, if I tried to give you the impression that it is possible to pass a law and to make somebody do something he doesn't want to do. I think that that is always the problem in the question of administering any Federal program.

If the Secretary of Labor does not want to do something, or if the President of the United States doesn't want to see something done, then it is very difficult to make things happen in the area that is under the control and direction of that particular public official.

I think that Secretary of Labor Schultz has good motives and I think that he is going to try to use what authorities he has under the present manpower bill to do a better job. But I think that it has to be said in all good conscience that the former Secretary of Labor put together by administrative edict, a program which is now called the JOBS program, which is on the verge of being a national scandal. An enormous amount of money has been made available to the business community to create jobs, to train people, hard-core people, and to absorb them in the system some effective way.

I think that the outside limits of the number of people who have been employed under that program is probably 35,000, maybe 40,000. That is about 10 percent of what the objectives of that program were set out to be.

The difference with that program is that any kind of downturn, economic downturn, as we are approaching now because of the efforts of the administration to stabilize and to hold back the pressures of inflation, is going to catch all of those people, throw them out, and interrupt the whole process of manpower training under that program.

The automobile industry is a good example of an industry that made a very strenuous effort under the JOBS programs. I think they deserved a lot of credit for that. They tried to make the program set forth by the Government work. Yet, when Chrysler, and General Motors, and Ford, and American Motors now are confronted with layoff situations, who is going to get laid off: the guys who have been brought in under this JOBS program, because they are the most recently hired, because they don't have the seniority. They are going to be affected along with a lot of other people.

Mr. DANIELS. Mr. Conway, what would you describe as the weaknesses of that JOBS program and how would you remedy the situation and prevent a recurrence?

Mr. CONWAY. I think that if there is an answer to it, and I believe there is, it lies in the area of a combination of public service employment and stimulation of private sector training and employment efforts. I don't think you should sacrifice all of the efforts in the private sector just to obtain a public service employment program.

On the other hand, I think that you can't expect the private sector to assume responsibility in an area where they really don't have responsibility. You can't say to every employer in this country, large or small, "You have got to hire more people than your business requires." You can try it, but I don't think it would work.

So that what I think has to happen, that is the second point of my statement, I think this country has to face up to the fact that we have to work up a system which provides employment for people who are unable to obtain employment in the private sector.

Call it public service, call it employer of last resort, which is what the National Commission on Automation called it—that is a lousy term. I think Andrew Brimmer has turned around very well. I point that out in my statement. He calls on the Federal Government to serve as an employer of first instance.

Why not? Everybody I think in this country believes that working is a good thing. And that it is good for the soul and it is good for the income, it is good for the neighborhood, the city, the State, and it is good for the country. Why don't we provide jobs, if people can't get them in the private sector? It seems to me that is as logical and sensible as anything we can decide to do.

If we can address ourselves to that side of the equation and at the same time that we are providing jobs of first instance, as Andy Brimmer has suggested, allow the free working of the economy to operate and allow the conditions to prevail which will create the strongest economy in the private sector. The more employment that we can create in the private sector, the better. The more employment that we can create that way, the less the need is for any kind of public sector or first instance employment. It seems to me the two have to go together. We might just as well face it now.

Every city in the country is starved for money. They can't hire the people that they need to even run the cities, let alone the hospitals and the parks and the other parts of the city government. The same thing is true with counties and States. All kinds of nonprofit corporations, if they had the money, could put people to work and put them to work in very constructive, creative jobs.

I think that the best thing to do is to just face these facts and to do something intelligent about it. I would hope that my appearance here today would influence you in that direction. I came here for that purpose. I am prepared to answer any questions.

We have a great deal of experience working with local community organizations. That is what we are all about in Los Angeles, Chicago, New Jersey, in the south, and in the Mexican community, the black community, the Filipino community, Appalachia.

The problems are the same all over. There are not enough jobs, not enough education, not enough skills, too much discrimination, great difficulties getting hooked effectively into the system. Something has to happen. I would hope that out of the deliberations of this committee would come some new look.

I don't care really whether the emphasis is here or whether this section provides that so much as I am concerned about the purpose of the legislation. I think we ought to reward the Governors and the State employment services and the mayors and the cities and the private organizations for developing good programs that work. The legislation I would hope would be flexible enough to permit that.

I don't think we should put anybody in a monopoly position, whether it is a Governor or a State employment service or a mayor. The best thing to do is to reward success, I think, in this area and give the Secretary of Labor the authority and the responsibility. It is easier to lean on one guy than it is to lean on 50 Governors.

When you lean on the Secretary of Labor, he is paid to be leaned on and to make adjustments and so on and most of them accommodate and do a pretty good job.

My feeling would be to give him the tools to work with, set up the machinery for a public sector employment program in this country and let us get about the problem. We can do an awful lot of things to clean the country up, make it a better place to live, and provide an enormous amount of dignity to people who are unemployed now by giving them a chance to earn a living. They won't stay in that kind of employment very long if they can get a better job. Anybody wants to move up, get more money, cleaner jobs, be more creative. Give them a chance to get hooked into the system and the system will work.

Thank you.

Mr. DANIELS. Mr. Conway, on behalf of the committee I want to thank you for a very fine statement. Before I proceed, I would like to insert your statement in the record immediately preceding your oral testimony if there is no objection.

(The statement referred to follows:)

Statement of Jack T. Conway, President, Committee for Community Affairs, on Manpower Proposals

Mr. Chairman, my name is Jack T. Conway. I am President of the Committee for Community Affairs, and I appear today on behalf of that organization to comment on the manpower proposals before you.

Manpower policy is an increasingly important part of our social policy. As our society becomes more complex, and as our national goals become more clearly defined, we find increasing emphasis on the availability of jobs for all and for adequate training for those jobs.

The Administration bill, H.R. 13472, introduced by Mr. Ayres, addresses itself to reordering the machinery of job training. It does nothing about job creation. Until it does so, the bill is meaningless, for job training has no purpose when jobs do not exist.

Joblessness is increasing. Because of projected defense cutbacks and tight fiscal and monetary policies, in a few months hundreds of thousands of those now employed may be unemployed.

This committee must address itself to this problem.

In my statement, I shall comment both on the machinery of job training and on job creation.

The promise of a comprehensive single manpower unit which the Administration's bill sets forth is unrealistic. The proposal is bound to founder on the realities of the relationships between various levels of government and on the method of operation of many state employment services.

The Administration bill envisions complete cooperation and agreement between the Governors, Mayors and the Secretary of Labor in the choice of manpower programs and in their administration.

The mayors are provided with an opportunity to submit individual plans affecting their geographic areas to be incorporated in a state plan which the Governor, in turn, submits for approval to the Secretary of Labor. In the drawing up of the state plan, should the plan of an individual Mayor be revised or blocked, an appeal could be made to the Secretary of Labor to overrule the Governor's action. Also, under the Administration bill, the Secretary can withhold funds from a state when in his judgment the state has not performed well in carrying out its various manpower programs as measured against a series of guidelines which the Department of Labor will develop. Is it realistic to expect that appeals over the head of the Governor have much likelihood of being accepted or that the Secretary of Labor would withhold a significant portion of a state's manpower funds?

Under the poverty program, the Governor's veto has proved highly effective. The few vetoes which have been overridden in Washington have been done only after great political expense.

It is unreasonable to expect the Secretary of Labor to uphold a mayor against his governor in any but a tiny minority of cases.

Thus the Mayor's power can be sustained only with the support of his Governor, whose basic political interests probably lie elsewhere.

Further, the Administration bill raises serious questions about participation of community groups. Many private agencies now working to meet the manpower problems of the poor will be submerged or, more likely, completely eliminated as the state employment services take over the manpower functions. These private agencies have performed most effectively in reaching persons who for various reasons had little or no confidence in established government employment service units. We feel it would be a major error to wipe out many of the positive values such agencies have contributed in reaching and involving these segments of the population for the first time.

In testimony before the Senate Manpower Subcommittee earlier this month, Estenban E. Torres, Executive Director of The East Los Angeles Community Union, a community organization seeking to improve the condition of poor people, said: "I submit that the Administration bill is remiss in a most crucial area, and that is the participation of community groups. Community organizations such as TELACU and others represented here will cease to function in the manpower problems of the poor if State Employment Services take over that function. Organizations working in the ghetto and barrio have been most effective in spite of the Employment Service and the JOBS program in reaching and communicating with persons who for various reasons have lost confidence in government or employer-oriented agencies."

There is serious danger, when all manpower programs are placed in one agency, that that agency will "cream" the most easily trained from the ranks of the jobless, leaving the hardcore jobless without any real training program.

The continued existence of contractual relationships with private community groups could assure the use of part of our manpower funds in areas which may be of little interest, as opposed to more powerful competing interests, to the mayors.

Under the bill advocated by the Administration, the governor selects a human resources agency to manage the state's manpower programs. Almost without exception this will be the state employment service. The state employment services vary widely in their ability to carry out the broad mandates of the manpower bill; and perhaps there is even a wider variance in their philosophy and competence towards helping the disadvantaged, the poor and minority groups. Yet the bill, operationally, will turn over to the state employment agencies the entire management and control of the manpower funds. Through the power a key state employment agency,has it can, in turn, dominate the agencies at the local levels which will be assigned the task of carrying out the programs. Will the new influence of state agencies in carrying out manpower policies mean that those most in need of manpower services—the urban poor—will receive them more effectively than now? Or will the powerful rural-suburban complexion of so many state legislatures work against manpower programs being sufficiently responsive to the group most in need of training and job development assistance?

It has been a fact that the employment services have been wholly lacking in innovation and effectiveness and that they have been influenced by the needs of employers rather than the jobless.

When our manpower programs fall into the hands and the mold of the employment services, they will cease to be an effective arm of public policy in dealing with the jobless.

Mr. Chairman, in many respects a good many of the kinds of changes suggested are presently within the administrative discretion of the Secretary of Labor should he wish to take a strong leadership role in handling the whole question of manpower delivery. Today the Secretary has within his authority the power to select that agency or agencies which he thinks are best able to carry out specific programs. For example, the establishment of the Concentrated Employment Programs was achieved through administrative decision. Recently, shifting some of the supervision and direction of that program was likewise accomplished through administrative procedures. Such realignment did not require legislative sanction.

I think it far better that the responsibility for balancing the conflicting interests of community groups and city administrations, of inner-city and suburbs, of mayors and governors, remain in the hands of the Secretary.

Only when he holds the reins of power will anyone be answerable for the expenditure of federal manpower funds. Let him, not 50 governors and hundreds of mayors, report to the Congress and to the people.

This objective would be achieved if the O'Hara bill, HR 11620, were enacted. The O'Hara bill would give the Secretary sufficient flexibility to assure that manpower programs can be effectively coordinated and will reach all of those classes of individuals which need assistance.

Under the O'Hara bill, the Secretary could delegate manpower authority to anyone he saw fit—governors, mayors or others. Their failure to offer a balanced program could result in termination of their authority. Their satisfactory performance would be rewarded by the continued support of the Secretary. And the Secretary himself would be answerable for the effectiveness of manpower programs.

Mr. Chairman, in a number of ways the preoccupation with the system of manpower delivery services in some of the bills before Congress diverts attention from the crucial need to create a sufficient number of jobs to make a significant reduction in unemployment. The latest figures released by the government show that three million persons are totally unemployed and a million more are forced to work on part-time schedules because of economic factors.

Equally significant is the rising trend of the unemployment rate figures together with an evident willingness on the part of the present Administration to allow that trend to continue as part of its efforts to curb inflation.

While there can be wide-spread agreement on the notion of simplifying and centralizing the manpower programs of the government, that agreement should not blind us to the important need to provide sufficient funds to expand job opportunities, particularly in the public sector. Without jobs, there can be no purpose to manpower training.

There seems to be a broad consensus on the fact that the key population that needs to be served under manpower legislation is the disadvantaged poor. The major program designed to assist such workers has been the JOBS program carried out through the activities of the National Alliance of Businessmen. But after more than a year of operations, less than 35,000 persons are on jobs which have been contracted for between the Department of Labor and private employers— positions which were to be filled by poor persons with insufficient skills, education, etc.

It is our view, therefore, that unless additional funds are appropriated for the financing of new jobs, primarily in the public sector, the goal of a sharp reduction in the number of hard core unemployed will continue to elude us.

The need for public service employment was emphasized by Andrew F. Brimmer, a member of the Board of Governors of the Federal Reserve System, on December 2, 1969:

"I also realize that some further rise in the level of unemployment cannot be avoided if we are to restore a reasonable degree of price stability. This is obviously an unfortunate and unwelcomed by-product of the effort to check inflation. Rather than pretend that it can be avoided, we should get on with the modifications in public policies that will be necessary to ensure that the burden of restoring price stability does not fall excessively on those least able to bear it. These policy measures should include a substantially strengthened unemployment compensation system and greatly expanded training and retraining facilities. But we should also realize that even these improved arrangements would not cushion the impact of a significantly reduced rate of economic activity on young people and on some members of minority groups who have not acquired the rights to benefits derived from a long history of gainful employment. For the latter groups, we will simply have to find ways of providing income directly—perhaps even having the Federal Government serve as an employer of first instance for this relatively small proportion of the labor force."

It is not necessary for me to dwell at length on the potential for job opportunities in the public sector. That need has been established by a series of prestigious committees over the past several years—chief among them being the Commission on Technology, Automation and Economic Progress, better known as the Automation Commission. That commission identified over five million jobs that, with adequate financing, state and local governments as well as nonprofit agencies operating in the public sector could fill in order to meet our social needs.

Job opportunities in the public sector fulfill the twin objectives of, first, helping to erase our enormous social deficits in a long list of fields such as education, recreation, conservation, health, anti-pollution, etc., and, second, offering to the unemployed and underemployed the dignity of contributing productively to society.

I submit, Mr. Chairman, that our manpower training policy cannot hope to meet its objectives without the creation of a broad public service employment program. Such a program would be provided should H.R. 11620 be enacted.

In its provisions for reorganization of federal manpower programs, and in its provision for a program of public service employment, the O'Hara bill is far preferable to the Administration bill.

I urge its enactment.

Mr. DANIELS. I would like to call upon the author of one of the bills before this committee, my colleague from Michigan, Mr. O'Hara.

Mr. O'HARA. I want to thank you, Mr. Chairman, and thank Mr. Conway for his eloquent statement. But he has left me rather speechless.

Mr. STEIGER. I just can't imagine that. (Laughter)

Mr. O'HARA. He has outlined the very reasons why I think it is so important that we pass a bill, that the bill that we pass I deeply believe, as he obviously believes must include a public service employment component, and that we can't have a comprehensive manpower program worthy of the name unless we provide job opportunities for those who are trained for employment.

To the extent that the private labor market is unable to provide those opportunities, we must provide them. I think unless we come to grips with that problem, we are sort of ducking the major issue in manpower, wouldn't you say?

Mr. CONWAY. Yes, I think that is the question we have to chin and you might as well face it.

Mr. O'HARA. I share your view as outlined in your written testimony that the administrative design of the administration's bill is one that sort of diffuses responsibility, sets up a pattern and hands the responsibility out all over the country and that there is no really effective check on the efficacy with which these programs are operated once they have been delegated.

With all modesty, I think the method provided in our bill is a better one. It is not just mine, as the gentleman from New Jersey knows. He is one of the sponsors. I think there are something like 112 members of the House who have joined in the sponsorship of that bill.

I want to thank you again, Mr. Conway. I am going to send you around the country or something to make that statement. It is very good.

Mr. Daniels. The gentleman from Illinois, Mr. Erlenborn.

Mr. Erlenborn. Thank you, Mr. Chairman.

Mr. Conway, you mentioned the NAB JOBS program and referred to it, I think, as almost a national disgrace.

Mr. Conway. I said it is on the verge of being a national disgrace. It is not quite there yet.

Mr. Erlenborn. I recall visiting a local institution of that JOBS program that was located here in the District. Are you familiar with that?

Mr. Conway. Not the one in the District here, no. There are two cities that we don't do anything in. One is Washington and the other is New York City. They are too complicated. We are working in other cities.

Mr. Erlenborn. I recall hearing that that program was closed recently and there was quite a furor created at least at that time. I have not heard much since.

Mr. Conway. I read the paper. That is all. I don't know about it.

Mr. Erlenborn. Without specific knowledge of that program, would you say that the lack of success of the JOBS program would indicate that the Secretary of Labor should be exercising some judgment in limiting that program or making sure that it works?

Mr. Conway. I think that is right. I am not blaming President Nixon or Secretary of Labor George Shultz for the JOBS program. That was created by the previous administration and it was an answer to or substitute for serious consideration for public service sector employment.

I thought it was a lousy thing at the time. I told the former manpower administrator that. I made a special trip into his office and pointed out some of the defects of the program. I said, "We will do the best we can under it if that is the way you are going to go, but we think it is a lousy approach and it won't work."

I think that what has happened bears out what I predicted would happen. We have tried to work under the JOBS programs in two locations through our local community organizations. We have put together a consortium of contractors, Mexican American or black contractors, depending upon the community, and then this consortium has become the applicant for the so-called M.A. 5 programs. We are trying to do the best we can under that.

If you really work at it, and if you have got the followthrough, it is possible to get people trained and placed. We have now in our New Jersey program, Congressman Daniels, in Newark, a new Labor Department contract working with a consortium of black contractors there. I think about 150 job slots are there, and they are being trained as they are working. But it takes an enormous amount of effort.

I am not saying that there haven't been some good things done under the JOBS program. But I think that it was heralded as the answer to the country's problems. It isn't that. There was at least a 400,000 target set within 6 months. As I say, I doubt that the program has reached over 35,000 and it is over 2 years now. Most of these people are going to be shaken out in the period immediately ahead of us.

What is happening is that a company like the Ford Motor Co., which made a very serious effort under the JOBS program, is going to turn its back now on the hard core thing and they are going to try to train foremen or something like that and begin to cream the crop. So you get $3,500 ahead. The economics are there for the business community to substitute manpower funds for what they ought to be doing themselves.

Mr. Burton. Repeat that again, please.

Mr. Conway. I say this is such that if the employer can get $3,500 ahead for training an individual, if he can just up the ladder a ways so that he is not going to be training somebody who isn't going to be working for him, he is going to do it. He is going to substitute Federal funds for his training funds.

Mr. Erlenborn. I am most certain that that would fit within the JOBS program. While you are along that line, I understand that under that program the payment is made only when the training is completed and the trainee is employed.

Mr. Conway. Is retained, that is right. He gets paid for the training, but he gets a premium if the trainee gets a job.

Mr. Erlenborn. So that the contractor is not compensated for someone who doesn't complete the system, doesn't complete the training, doesn't take a job, isn't that correct?

Mr. Conway. Yes. That is one of the reasons there are only 35,000 people in the system, because if you can't, as an employer, be reasonably sure that the fellow you are taking in is going to be around and employed at the end of the thing so that you get the premium, why start the process?

Mr. Erlenborn. You mentioned, and repeated, that one of the problems is the seniority system, those who are most recently employed would be the first to go when unemployment increases.

Would you suggest that maybe we ought to do something legislatively about the seniority system or tenure laws?

Mr. Conway. Any kind of rigidities that are injected into the system have their bad features as well as their good features. You have got a seniority system in the Congress of the United States that we criticize all the time.

Mr. Erlenborn. I joined in that criticism in my freshman year. [Laughter.]

Mr. Conway. But the nature of a seniority system, Congressman, all kidding aside, is to regularize—the auto industry is going to be confronted again, I guess, this year with a proposal that seniority be reversed. If there is going to be a layoff, lay off the guys that have been around the longest, the oldest guys, because they are protected under the Supplementary Unemployment Benefit system. Why not lay them off and let the younger guys work, especially these hard core guys that have been brought into the bottom of the system. I think that has got some appeal to it.

Mr. Erlenborn. I understood in your original statement at one point you said, and I may have misunderstood it, so let me phrase this in the way that I thought you said it, that the training should be done by the private sector and the employment provided by the public sector.

Mr. CONWAY. I don't mean that, if I said that. What I said is that you shouldn't think only in terms of the public sector employment program as a substitute for private sector training and employment, because I think that the two of them have to go hand in hand. I think a public sector employment program has to have embodied in it a substantial amount of education and training.

I don't want to deprecate the private efforts. As a matter of fact, I feel that the progress that has been made in this last decade, as I pointed out, Congressman, before you came in, that as a result of the work of this committee, there has been an enormous amount of progress made in this whole area. I would hate to see any of that lost. I think it ought to be built upon.

There have been a lot of good things happen. As I say, the competition between OEO and the Department of Labor just in itself opened up and ventilated the whole business and allowed for experimentation and development of new approaches.

I would hope that that kind of competition can be kept alive. I happen to be in favor of competition. I think the more we can compete for better ways of doing things, the better off everybody is.

Mr. ERLENBORN. Would you comment on the two triggering devices recommended by this administration, one, extended unemployment compensation, based on the level of unemployment and the other, an increase in manpower training funds based on the level of unemployment?

Mr. CONWAY. I think the idea of the triggering system is a good one. I am not prepared to say one is better than the other. As Sar Levitan said earlier, it took us a long time to break out employment from the standard statistical areas and to give the flexibility to work in the inner city.

When the Labor Department came out with its report entitled "A Sharper Look at Unemployment," it really focused the spotlight on the problem for the first time. Any triggering mechanism has to be sufficiently sensitive to sharp increases in unemployment in specific areas.

You can live in the center of a city where the unemployment can go as high as 50 percent and you are living in the deep depression atmosphere of the thirties if you live in that particular section, whereas, just 20 miles away, you may have a labor shortage.

Getting from where the person is in the high unemployment area to where the jobs might be is not always a simple thing. If you get over there, you may not get hired which is the second thing you are confronted with.

So there are a lot of problems. The triggering mechanism idea is I think a good one. I would just hope that whatever mechanism is finally adopted, it would be sensitive enough to be able to pick up sharp unemployment in smaller areas than the whole city, for example.

Mr. DANIELS. The gentleman from California, Mr. Burton, do you have any questions?

Mr. BURTON. Mr. Conway, as always, your testimony has been most helpful and even moving.

If we have to come down hard with the judgment that the legislation before us is substantially or virtually eliminates or most of the competitive forces, do you think the legislation I have would still be deserving the support?

Mr. Conway. I would support Congressman O'Hara's bill. I think it can be improved. If you will ask us, we will have our new department, research and public policy go to work and make some recommendations to you as to how it might be improved.

Mr. Burton. May I ask, before Jim does, it would be helpful if we had any evaluation that you think useful.

Mr. Steiger. If the gentleman would yield, I would make the same request, not just of the O'Hara bill, but of all three.

Mr. Conway. We will be very happy to do that.

Mr. Burton. There are certain, perhaps not fundamental but important points that hopefully all the legislation, or all the bills should have, things that just may have been overooked because the initial product didn't face this kind of give and take discussion.

Mr. Conway. One of the things that this committee has always been able to do is to come up with a better final product as a result of your differences. That is one of the healthy things that you demonstrate over and over again. You have two or three different conflicting bills and the product that you come out with in the end is usually better than any of the ones you start with.

Mr. Daniels. That is the purpose of the hearings.

Mr. Burton. You have made a statement about rewarding success.

Mr. Conway. Yes.

Mr. Burton. Do you want to particularize on that? What mechanisms have you observed that come under that category?

Mr. Conway. I think, for example, that it would be a good idea to allow any Governor or any employment service to come into the Secretary of Labor with a manpower training program and a job development program and to get it funded, so long as it was a good program. If they did a good job, and they wanted to increase it, improve it, and so on, they ought to be permitted to do that.

The same thing is true of a city. If a mayor wants to develop a program, using his community action organization, or using the city administration, and he can come up with a good program, he ought to be considered and he ought to get funded and he ought to be able to be judged on the results of that.

In the city of Chicago, that city is a centralized, administered city, as you know. Mayor Daley exercises an enormous amount of authority in the city of Chicago. We worked with the Woodlawn organization, which is outside of the city government and they have manpower training programs. They try in their way to develop effective training and job development activities. They are working now constructively with the University of Chicago to develop a whole series of employment opportunities and businesses providing services to the university.

I don't think one of those, as against the other, has to be, you know, given all the funds. I think both of them ought to be able to operate.

Mr. Burton. This is my final question. How would you assign the priority in what most observers believe is going to be a period of increased unemployment, or underemployment? Would you allocate dollars to jobs in greater proportion than to training?

We have a practical problem. In the last year and a half perhaps training was vital because jobs were available to a number if they were trained and you could improve the deliveries system generally. In this coming period, can you safely give us a view on where we should place our emphasis?

Mr. Conway. I think unemployment is going to increase, probably quite sharply, in the next few months and I would think that in the period immediately ahead the emphasis should be on creating a system of public sector employment. Keep the training, manpower training thing, as much as possible, but allow the kind of flexibility that would allow funds to be moved from one to the other, in the event that unemployment declines and it is better to put more funds into training.

I would allow for flexibility. But I am really quite concerned about the sharp increase in unemployment that we are beginning to see now. It is, of course, going to have a staggering effect in the places where we already have high levels of unemployment, in the central cities and in the rural areas, particularly where the minority group populations live. Things are bad enough now. I think they are going to get worse.

Mr. Burton. Thank you.

Mr. Daniels. The gentleman from Wisconsin, Mr. Steiger?

Mr. Steiger. Let me pursue the point that my colleague, Mr. Burton, just made, because I must say I am somewhat concerned that we may end up in cross purposes.

You say you are interested in flexibility.

If you go the route of the O'Hara bill, which you have indicated your support for, you know that provides a separate title for public service employment. I think such a title would have grave difficulty in getting any funds at all from the Appropriations Committee or Congress, even if such a provision were to survive both Houses of Congress and be signed by the President.

This differs substantially from both the administration's bill and my own bill in which there are provisions made for careers in public service employment without specifying a separate title. In other words, I would argue with you that the flexibility is far greater in enabling a municipality or a State to provide funds for those programs at its discretion, depending on what the needs are, without having to go the route of having created a separate title.

Mr. Conway. That is why I say, Congressman, that I think the drafting of the bill could be improved. Let me make an analogy.

I think that the public sector employment thing now is an ideological issue. It is the thing around which opposition builds or supports builds, just as the House had to deal with the question of rent supplements, if you remember back a couple of years back. If I recall correctly, that rent supplement problem went through the House five separate times. It was a cliff hanger every time, in the authorization, in the appropriations process, and now it is a generally accepted pattern of handling problems of housing for low income families.

And I think that however it is done, and I don't care whether it is a separate title or whether you build in the kind of flexibility I would like to see, the issue has to be joined in in the Congress and the vote has to take place on this question. It is an ideological question.

That is why I say it has to be faced squarely as that kind of a problem and get it over with. Then once you voted in favor of a public sector program, then I think it is possible to improve it each time that you give consideration.

Mr. STEIGER. Let me follow this point up. I am not sure I concur completely with you.

The administration's bill has its sub–11 on page 12 of that bill that relates to Federal, State, and local governments, parks, highways and other lands. I have got mine, No. 6, on page 5 of my bill, that relates to this concept. The ideological problem is one that at least to an extent has been faced already with new careers, with mainstream, with those existing categorical grant programs which the Congress has approved.

You obviously have a significant ideological problem, if one talks about a massive employer of last resort or guaranteed employment program, which in fact isn't a guaranteed employment program for all. Rather, it is one that is going to be selective based on a limitation of funds. So I am not sure that I concur completely with you.

Mr. CONWAY. If you recall, I outlined a whole series of these things, like the green thumb, special impact, and new careers all of which have been passed by the Congress and in one way or another, very small in most instances, are operating.

Secretary of Labor Schultz says he already has the authority to have a public sector program in the present legislation. But my concern is that it isn't being done on a scale large enough to have an effect. I think President Lyndon Johnson had a hang-up on this. I think that is why we have got the JOBS program. He had a hang-up against public service employment, and I am not sure that this administration doesn't have a hang-up on it, too.

Mr. STEIGER. Maybe I myself have a hang-up on it.

Mr. GINSBURG. Congressman, I wanted to make one point here to emphasize the distinction between the O'Hara bill, your bill and the Administration bill on public service employment.

While both your bill and the Administration bill contains a reference to public service employment, it is essentially training for public service jobs for persons who are ill equipped because of lack of education, background, experience, or what have you, to fill those jobs. There would be funds given to municipal, county, or other governmental agencies to assist them in training. Once that training was over, the regular wage and compensation for the individual would then have to be assumed by the governmental agency.

The big distinction I see in the O'Hara bill on that point is that it provides the funds to undergird the continuation of that individual on the job. One of the real failures in New Careers has been that after the training period is over, the agency then must lay the person off because they don't have the funds to continue the individual on employment.

So I think the key thing is, as you were saying, the amount of funds available to enable governmental units to finance increased employment—increased employment which is necessary to meet many, many areas of public service which are in short supply or deficient for various reasons.

I think that is the point that we are making here. The Government must step up to the task of financing needed expansion in the public service jobs, not only saying to the mayor of a city, "If you want to take some of the manpower funds which will be allocated to you, under either the Steiger bill or the administration bill and use some of that to train persons for the Government services, fine."

The key issue would then become when the person has finished training, who is going to pay for his regular wage?

Mr. STEIGER. I appreciate your comment on that. I think that is a reasonable assessment.

Let me pursue this a little further because I have always been somewhat unclear when one talks about public service employment. Are we talking here about those simple tasks of being a paraprofessional, a teacher's aide, nurse's aide or are we talking about enabling a municipality to construct roads, or buildings, or sewer plants, or shelters, or swimming pools, or construct parks? Are you talking about that when you talk about public service employment?

Mr. CONWAY. I think the semantics of this breaks down into two categories: Public service employment, as contrasted to public works employment, road building, swimming pools, and so on. I am in favor of both.

But what we are stressing in this period is the need for public service employment, which is to create jobs that need doing, that do not now exist, because of lack of funds, so that people who are unemployed can be employed on those jobs that need to be done.

The process starts and I will give you a good example. In New York City, the manpower funds were used under the new careers program, in the first instance, to develop a public service employment in the hospitals there. That has now progressed to the point where there is an across-the-board training program in most New York City hospitals, both the community hospitals and the ones run by the city.

Now, as a result of the experience, local 1199, the hospital workers local, has negotiated a training fund with hospitals it has under contract. One percent of the payroll of the hospitals goes into a training fund. Now they have a kind of across-the-board training program all the way up to the licensed positions in the hospital.

This is the kind of thing I think ought to be a kind of a national evolution from an effective training program. I think that is an enormously successful program. That is the kind of thing I think ought to be rewarded by a continuation of the opportunity to have that kind of thing exist and develop.

You get a better work situation. You get a better work force. You get an upgrading process, not dealing with dead end jobs. And I think the next step in this is a thorough review of all of the licensing practices in the hospital system, in health services, with a view of opening them up and changing the composition of the work force in these various categories.

All of these are pluses, I think, and you don't get to the end product by starting out there. You have to, in a sense, build. I would hope that kind of flexibility would be maintained. That is what I say when I talk about competition being good and rewarding success as contrasted with giving monopoly power to some body or agency to stop things from happening.

Mr. DANIELS. Would the gentleman yield?

Mr. STEIGER. Certainly.

Mr. Daniels. When you use the word rewarding, just exactly what do you mean and how would you reward? What is the meaning of your term?

Mr. Conway. Exactly what the Secretary of Labor is trying to do now by cutting out programs that don't work and moving funds over to programs that do. It is that kind of thing that I mean when I talk about rewarding—go with the good success.

Mr. Steiger. The Administration's bill, as you know, has a progressive means of the Secretary turning over "X" percentage of the funds for the development and then if they have an exemplary performance, they can go up to a higher level.

In section 11 of my bill I have tried to provide some incentive for either of these reasonable alternatives.

Mr. Conway. As I say, I was confronted with this kind of question in the Senate side by Gaylord Nelson, who in addition to being a Senator, is a former Governor. His concern was how can you get the States in the business of doing the right thing in this whole area of manpower training, and job development, and public employment, and so on. I am very sympathetic to that. I think it ought to be made possible for the States to become much more active and much more effective. But that can be done by having the States compete for those funds by doing the right thing— by doing something. I think that the Governor of Wisconsin would probably react differently to the manpower programs than the Governor of Mississippi.

The problems are essentially the same in both States, maybe different in some particulars. But why give the Governor of Mississippi and the State employment agency in Mississippi the right to control everything that goes on in that State in this area. I think it would be a mistake. It is that kind of thing that I am worried about. But I don't want to shut the door to effective State participation in the manpower field.

Mr. Steiger. Let me go on to some other points and get back to that briefly.

What do you think the cost of the public service employment program is?

Mr. Conway. I think the rule of thumb now would be about $5,000 a year per person.

Mr. Steiger. How do you handle the problem that I see, at least—and which I intend to pursue over a period of time—on the question of disincentives, both for transferring it from the public to the private, as well as, I think, the very real question that has to be raised about what the impact of a public service employment program is on the wage scale in the private sector?

Mr. Conway. I would peg it as Mr. Levitan said, at least to the minimum wage and allow for the prevailing wage concepts to operate in a public sector job.

I am not really concerned. I think it worries people too much, this question of disincentive. I happen to have been very intimately associated with the automobile workers union in contract negotiations over the years on this whole question of the supplementary unemployment benefit program. We called it the guaranteed annual wage when we started out.

As you probably know, we agreed in the first go-around to a figure of 85 percent of wages, and gradually that has been increased. Now, for all practical purposes, an auto worker who is laid off gets almost the equivalent of his full wages for a year.

That happens from time to time and the guys come back to work as soon as the jobs are available. I don't think there is any experience that would indicate that there is a disincentive that has been the result of that experience. I don't think there would be in the public sector employment program.

I think the one thing that the National Commission on Automation and Technology did that has been grossly overlooked is to advocate what in effect would be a system of social accounts. The employed person has an awful lot of positives going with him and the unemployed person has an awful lot of negatives going with him, just starting with the simple business of paying taxes. The employed person is paying taxes, the unemployed person is not. The employed person is not on welfare and the unemployed person frequently is. He is drawing unemployment insurance for a long time and then goes on to public welfare. There are a lot of negatives eliminated when you institute a system of positives. So I think that if we could institute some thinking about what the positives would be with an employment program, an awful lot of that $5,000-per-person cost would be absorbed by the elimination of a lot of negatives that are being paid for now through some other system.

Mr. STEIGER. Would you recommend, that if this is to be done, that we provide not just for public service employment, but for public works employment as well?

Mr. CONWAY. I would like to see that. Maybe you can't do both at the same time. But if you would consider that, I would certainly urge it. We need public works all over the country, too.

Mr. STEIGER. You have indicated that you oppose what you call monopoly.

Mr. CONWAY. That is right.

Mr. STEIGER. I assume that that would be as true for the employment service as it would be for a community action agency?

Mr. CONWAY. Yes, absolutely.

Mr. STEIGER. That being the case, and I happen to agree with you, I hope that we can draft something that would enable a degree of competition and openness. How do we go about providing some mechanism for what Torres was talking about in his testimony and which you highlighted—participation.

He talked about participation of the poor. I will be very honest with you. I don't want this to be limited just to the participation of the poor. It seems to me that the underemployed—who may or may not be poor—or those who would be employed would be eligible for training, ought to be as eligible for some degree of influence in terms of the policy decisions that are made. What do we do about this?

Mr. CONWAY. I think you are right. I think Ed Torres in his testimony laid emphasis on the poor but his main concern is the Mexican-American community in East Los Angeles that is generally underprivileged. Even the employed, in that community relatively speaking to the whole of the larger communities, are disadvantaged—so that I would hope also that the manpower legislation enacted by the Congress would be broad enough to cover other situations than just hard-core unemployment.

I think again we probably are approaching that point where most of us ought to be going to school in one form or another most of our lives, learning new skills, new technologies, new approaches. I think private industry is rapidly approaching that point where it is constantly replenishing the knowledge of its work force. Certainly, the military does this all the time and has to.

I think, generally speaking, school teachers and doctors and lawyers have to go back and refresh and update in order to be able to stay current. So I would favor an open ended kind of manpower policy that would encourage a constant upgrading of the whole of the work force.

One of the most successful programs that we ever adopted in this country was the GI bill of rights after World War II. That was a social investment that really paid off. The number of people that got an education, and as a result of that education improved their lot in society and became effective citizens, we forget. But that was an enormously successful program.

It is the quality of that which has also got to be brought into a manpower policy. Again, I don't want to hold you up here, but I think this committee deserves a great deal of credit for having moved the art, so to speak, from where it was 10 years ago to where it is now, and I simply urge that you keep that up.

Mr. STEIGER. Let me ask one other question, Mr. Chairman. I again appreciate your patience.

What is your factual basis for the criticism of the JOBS program? I must admit I just read the annual report of the National Alliance of Businessmen. It seems to me the figure in there is like a total of 268,900 trained, 142,800 still on the payroll and a total of 338,307 basic job pledges as of September 30, 1969.

Mr. CONWAY. There is very little information available. One of the things that the Department of Labor doesn't do very effectively is evaluate its own programs. We have offered to do a little evaluating for them but they don't seem to have too much of an interest in this. There is some evaluation going on.

You might ask Mr. Garth Magnum to come up and testify on the effectiveness of the JOBS program. He probably knows more about it than anybody else. He has written recently. Is it published yet? You have seen the manuscript, I know.

Mr. GINSBERG. Mr. Steiger, the figures that Mr. Conway and we have put in this testimony on the 35,000 are the number of jobs which contracts have actually been written with corporations under which they have gotten the M.A. 5 money. The 200 to 300,000 figure, which many groups of businessmen associated with the National Alliance of Businessmen put out is a figure which they say represents the number of persons they have hired on their own including the 35,000 who were hard-core unemployed before they were hired.

So the JOBS program, job opportunities in the business sector, sponsored by the Labor Department, has actually resulted in—these are Labor Department figures in their regular releases—I think the figure is slightly over 30,000 who are on jobs for which funds have been provided by the Department of Labor.

This does not mean that the National Alliance of Businessmen are not accurate when they say over the year and a half they have hired an additional 300,000 people but they are persons who are hired in the normal course of business operation.

Mr. CONWAY. Or they could be 15 people on the same job as a result of turnover.

Mr. STEIGER. Dr. Magnum, I hope will be one of the people here as a witness. I must say that I have held back from either praising or criticizing the JOBS program. I remember when Stanley Ruttenberg was before this subcommittee last year. I was deeply concerned and I am still deeply concerned about the fact that there is not an awful lot of hard factual public information on which to make a judgment as to the effectiveness of that operation.

Mr. GINSBURG. One other thing that has come up too, is very relevant to this. You are asking businessmen to hire persons whom typically they would not hire, and unless their employment demands expansion, no industry is going to hire a person unless they know that person will be on the rolls for a full 9 months to a year in order to get the full benefit of the contract. Also, that person will be the first one who will be laid off in any kind of a down-turn.

So there is quite a commitment to hire under a JOBS type program and it does mean an involvement with the Government. It does mean a lot of arrangements which many businessmen find just don't work out for them.

But I think the crucial question is the ability of JOBS as such, to create new opportunities over and above those which are normally created. That is why I think Mr. Conway emphasized the expansion in public service to add to what industry already does in providing new jobs each and every year, but unfortunately not enough to absorb many of those who are still hard-core unemployed.

Mr. STEIGER. It is my understanding that there is work now going on under M.A. 5 to expand the concept, to enable a company to go at a higher level of those presently employed, so as to open up a legitimate job for somebody at a lower level.

I think, and I know Jim O'Hara has been concerned about this always, in terms of this whole question, how we move up so that you really have a job that is there, real and can last. Because I am afraid these are people who are going to be the first to go. I don't know whether the Labor Department has completed their negotiations but I know that at least under the JOBS concept they are attempting to go under that direction.

Mr. DANIELS. We are pressed for a little time. I would like to call on Mr. O'Hara again.

Mr. O'HARA. Mr. Conway, I think you have been too charitable about the JOBS program. I think it is worse than you suggested. I was one of those who, with you, at the time the thing was first announced, had grave reservations about the concept of the program.

I might just say that nothing that has happened since then has lead me to change my mind. I am really convinced that we have to give that program a very thorough and hard review.

Then, finally, to say to Mr. Steiger and joining in Mr. Conway's response, again, our public service employment program clearly does not envisage simply the usual paraprofessional type of job. What we are talking about is jobs of all kinds at many different levels. We are talking about employment and training. There will be some minimal training needed for some of these jobs, I am sure. But essentially, what we are talking about is employment rather than just training.

Thank you.

Mr. DANIELS. Mr. Conway, I earlier indicated you would submit to the committee your recommendations with reference to the three bills that are before this committee, the Steiger bill, the Administration's bill and the O'Hara bill. Perhaps you will find in each of these bills something that merits the consideration of this committee and we appreciate having your views on that. They will be incorporated in the record.

Could you submit such a statement and furnish us about 15 copies so I can give each member of the committee the benefit of your views?

Mr. CONWAY. Yes.

(The information follows:)

COMMITTEE FOR COMMUNITY AFFAIRS,
February 13, 1970.

Memorandum to: Hon. Dominick V. Daniels, Chairman, House Select Subcommittee on Labor.

From: Jack T. Conway.

This memorandum contains several suggestions on manpower legislation which are supplemental to the testimony I presented before the Committee on January 28, 1970. It has been prepared in answer to the request from the Committee for an elaboration of ideas which might strengthen the proposed legislation.

There has been a great deal of discussion on the need to give local government officials a greater voice in the implementation of manpower programs. It is our opinion that under the bill proposed by Congressman O'Hara the Secretary of Labor has the power to contract with either public or private agencies for the administration of manpower programs.

Under Section 103 of Title I of H.R. 11620, the Secretary's authority would encompass entering into agreements with public officials which would call for the development of manpower programs. Since the O'Hara bill, like the other manpower bills under consideration, calls for the decategorizing of manpower funds, a local public official, consistent with the contract negotiated with the Secretary of Labor, would be able to structure manpower programs necessary in the community with the assurance that such programs would have the flexibility which decategorizing provides.

Since the concern for local participation is shared by me, perhaps it would be well for the O'Hara bill to make explicit through some elaborating provisions that the Secretary should enter into contracts with local public officials where appropriate. Also, those provisions might call upon the Secretary to meet with the local officials submitting the plan to work out any revisions in such plan the Secretary deems necessary for the plan to be completely consistent with the objectives of the legislation.

The above suggestions would apply, not only to the public service employment section of the O'Hara bill, but equally to other manpower programs authorized by the bill.

Another feature of the O'Hara bill which might be strengthened is Title II—Manpower Programs Relating to Upgrading. The shortages which exist in higher rated classifications in various industries—for example, in hospital and medical services—could best be closed by promotion from among employees at lower-rated jobs. Typically, however, periods of training lasting from six months to a year and a half or more are required to obtain the necessary credentials to move into a number of these more skilled classifications. A few experiments have indicated that where financing to compensate workers for the loss of earnings while attending educational and training courses is not a problem, there is a strong response to the offering of such training.

Funds should be made available to institutions which wish to upgrade employees into needed skill categories to compensate for time off the job which would be required for training.

As I mentioned in my testimony, one of the constructive effects resulting from local community groups becoming involved in manpower programs has been to spur traditional public agencies to innovate and initiate. We would like to see this type of local community effort and its beneficial effect continued. We would suggest that there be an opportunity for such local community groups to become involved in the development of manpower plans by local government officials which are submitted to the Secretary, and to give such groups an opportunity to participate at least in an advisory way in the drafting by local government officials of public service employment programs.

The Administration and Steiger bills both suffer from two fundamental defects. The first is the lack of any meaningful public service employment provision. As I said in my testimony, I firmly believe that any manpower training program which is not coupled with a job creation program cannot achieve success.

Secondly, both bills would give state governments a commanding role in the development of manpower training programs. It is apparent that the political needs of most state governors give priority to the satisfaction of suburban and rural desires first, and the satisfaction of industrial needs before the needs of the politically less potent group of hard core unemployed.

This would inevitably lead to starvation of inner-city manpower programs and to the "creaming" of the unemployed and underemployed.

Assurances by the Department of Labor that the Secretary will reject plans which do not reach all the manpower needs equitably are unrealistic. As long as state governors are given a statutory lever to influence manpower policy, their views and actions can be overridden only at great political expense, as witness the great strain when the OEO Director overrides a gubernatorial veto, and the rarity of such overrides. Political power at the national level arises largely from state parties, and the heads of those parties—the governors—cannot be treated cavalierly.

I therefore believe that such a statutory role for state governors foredooms any manpower program to failure.

Mr. Daniels. I want to thank you on behalf of the committee. Your testimony has been very helpful and I am sure it will aid in our deliberations on this very important piece of legislation.

Mr. Conway. Thank you. It is a pleasure to be here.

(Whereupon, at 12:10 p.m. the subcommittee adjourned, to reconvene Thursday, January 29, 1970 at 10 a.m.)

MANPOWER ACT OF 1969

THURSDAY, JANUARY 29, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 2261, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Meeds, Burton, Scherle, Quie, Steiger, Erlenborn, and Collins.

Staff members present: Daniel H. Krivit, counsel; Marty LaVor, minority legislative coordinator; Loretta Bowen, clerk; and Sue Nelson, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

Our first witness this morning is Mr. Leon H. Keyserling, consulting economist and attorney in Washington, D.C.

STATEMENT OF LEON H. KEYSERLING, PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS, CONSULTING ECONOMIST AND ATTORNEY, WASHINGTON, D.C.

Mr. Daniels. I note that you have a lengthy statement. You are at liberty to read your statement and then leave yourself open to questions, or, if you desire, we may submit your statement for the record, and you may proceed to testify and, thereafter, you will be open to questions by members of the committee.

I will leave the choice entirely up to you.

Mr. Keyserling. Mr. Chairman and members of the committee: I think it would save time for me to summarize most parts of the statement, and perhaps read some parts of it.

I would like to submit it for the record, and then to make a statement which will, in part, read it but mainly summarize it.

Mr. Daniels. Without objection, your statement will be incorporated into the record at this point, and you may proceed.

(The document referred to follows:)

Testimony of Leon H. Keyserling, Former Chairman, Council of Economic Advisers; Consulting Economist and Attorney; President, Conference on Economic Progress

Mr. Chairman and Members of the Subcommittee:

I deeply appreciate this opportunity to make known my views on H.R. 11620 introduced by Mr. O'Hara and others, H.R. 10908, introduced by Mr. Steiger and others, and H.R. 103472, introduced by Mr. Ayres and others, all pointed in the main toward improving manpower training and service. I applaud the attention being focused upon this important problem by these three thoughtful and challenging proposals. My own continuous interest in manpower training and service goes back at least to 1933, when I commenced to serve as legislative assistant to Senator Robert F. Wagner of New York, who some years earlier had introduced legislation which established the first nation-wide employment service. Increasingly over the years, I have recognized the vital significance of such activities, and this recognition has not diminished to this date.

But my intensifying involvement in our national economic and social problems since 1946, when I first served on the Council of Economic Advisers, an involvement which has continued since I left the Government service in 1953, has convinced me profoundly that manpower training and service programs cannot achieve their full promise, unless set in the context and perspective of our overall economic and social problems, and all policies and programs designed to deal with these.

Manpower training is not an end in itself. Nor even is employment an end in itself, although it contributes mightily to the dignity and utility of the individual. We must also be concerned that the allocations of jobs and production are in accord with the priorities of our national needs, lest wealth accumulate and men decay. We must be concerned lest existing patterns of employment, production, and income are not in equilibrium, as the economist would say, and therefore generate basic distortions and imbalances which impair economic growth and lead toward stagnation and recession. All of these aspects of the problem are greatly affected by relative and disparate rates of technological change in various sectors of the economy.

We have also learned, from a great deal of recent and costly experience, that manpower and training programs, however well devised and necessary, constitute a mixture of utility and futility unless there is adequate job creation. Despite much argument to the contrary, deficiencies in manpower training and service have not been for many years, and are not now, the main barrier to a genuine and sustained full-employment program. Moreover, it is only dedication to and creation of a genuine full-employment environment that provides the best guidelines as to what to train people for, and even the best opportunities for training them efficiently and relevantly. I am pleased to note that the bills now before this Committee show recognition of this basic principle, although possibly not enough in some respects.

The best illustration of this was our experience during World War II. Just prior to that war, we had about eight million unemployed, and it was said in many quarters that a large portion of these were too old, too unskilled, too unwilling, too untrained, too black or too female, to occupy useful jobs. That refrain was very similar to what we hear today. But when the bombs dropped on Pearl Harbor sparked us to the imperative necessity of using our human resources fully, and to creating and financing the right number and kinds of jobs in accord with national needs and priorities, most of the idle manpower and womanpower who in 1939 had been deemed deficient in one way or another marched into the factories and elsewhere, and performed well. Vigorous manpower and training programs were necessarily utilized to facilitate this process, but much of the training was done on the jobs because the jobs were there, and we knew what to train people for.

Our nation and our people are in a troubled and perhaps even dangerous situation today. Economic growth in real terms, which generates more jobs if it is rapid enough to exceed the pace of technological change, has been declining for three years, has now come to an absolute standstill, and we may even be in an absolute recession. Relative neglect of the great priorities of our domestic needs has helped to spawn social, civil, and political unrest, even though there are other causes of these developments . Inflation continues to rage, and even to accelerate as the real economy moves further and further away from adequate real growth. The conflict between those who insist that we must forego or postpone our domestic responsibilities until our international burdens become less, and those who insist that we must ignore or underestimate our international burdens in order to meet at once our domestic priorities, is dividing America as seldom before.

These conditions do not provide a favorable environment in which to forge a more successful manpower training and service program. Further,the reversal of these conditions is essential to a really successful manpower training and service program. For these reasons, I hope that you will pardon me for turning attention first to these overall problems,and how they may be dealt with more effectively.

These overall problems are essentially economic in nature, although they have many component elements. Poverty, unemployment, and underemployment, are economic facts. Bad housing, decaying cities, and deficient schools are economic manifestations. Poisoned airs and waters reflect economic neglect. Civil discontent and friction reflect not only differences of economic circumstance, but also differences of opinion as to what course we should follow. The reasons why the economic problem is therefore so pertinent to a successful manpower training and service program will become even clearer as I move along with my testimony here today.

First of all, despite much propaganda to the contrary, the problem of inadequate inadequate economic growth and excessive idleness of manpower and plant is not of recent origin. As my Chart 1 shows, we are all familiar with the average real rate of U.S. economic growth of only 2.4 percent during 1953-1960, with its alternating periods of short upturns, stagnations, and then recessions. I do not share the view that we have made much progress, and certainly we have not made an acceptable degree of progress, toward the solution of this critical problem. The upward movement of the economy from 1960 to 1964 was in the nature of an automatic but greatly inadequate recovery from the late 1960 recession, similar to the automatic but greatly inadequate recoveries from the recessions of 1953-1954 and 1957-1958. National policies and programs cannot claim much credit for the 1960-1964 upturn. From 1964 to 1966, the rewarding economic growth rate of the economy in real terms was considerably responsive to the massive tax cuts of 1964. But the stimulus was only temporery, for reasons which I forecast at that time. Indeed, the ill-designed nature of these tax cuts maintained or aggravated the long-range distortions and imbalances. Thus, as shown on this Chart 1, the average annual real economic growth rate was only 3.4 percent during 1966-1969. The real growth rate was only 2.8 percent from 1968 to 1969, only 1.7 percent from fourth quarter 1968 to fourth quarter 1969, and zero or slightly negative from third to fourth quarter 1969. Current business indexes would seem to indicate that we are now in an absolute recession, although it has not yet gained cumulative force.

We do not sufficiently stop to quantify how much these successive periods of short upturns, stagnations, and then recessions have cost us. My Chart 2 offers such a quantification. Measured in 1967 dollars, our failure to sustain the maximum employment, production, and purchasing power which is the objective of the Employment Act of 1946 caused us to forfeit more than 900 billion dollars of total national production during 1953-1968 as a whole, and to forfeit accordingly almost 39 million man-years of employment opportunity. If we should average during the years ahead a record no better than this, and the performance since 1966 augurs no better on the average, we will forfeit during the years 1969-1977 inclusive almost 1.2 trillion dollars of total national production, and also more than 31 million man-years of employment opportunity. Nobody concerned about the future of our country, especially in view of our alleged current inability to meet human needs adequately, can view this prospect with equanimity.

My Chart 3 makes this portrayal more vivid. Measured in fiscal year 1969 dollars, it shows that, during the years 1969-1977 inclusive, a repetition of the economic growth rates of 1953-1959, in contrast with sustained maximum production and employment, would cause us to forfeit an aggregate of more than 1.2 trillion dollars of national production, or an annual average of about 137 billion.

My Chart 4 indicates that the problem of generating enough employment to equate with the optimum economic performance in the years ahead will be greatly complicated by an advance in the progress of technology, plant, and science. These advances will be much faster than most analysts have been willing to admit, and also much faster than has been assumed for the purposes of recent and current national economic policies. As the chart shows, the average annual increase in productivity or output per man-hour in the entire private economy rose from 0.4 percent during 1910-1920 to 3.7 percent during 1960-1966, and even to 4.0 percent during 1947-1953. I believe that this productivity trend will continue to accelerate, which means that higher and higher rates of real economic growth will be required to absorb the growing labor force. To be sure, the productivity growth rate dropped to 1.6 percent during 1966-1967, and to 0.6 percent during the period from third quarter 1968 to third quarter 1969. But this decline really reflected gross underutilization of employed manpower in plants operating very far below reasonable capacity use, in consequence of the abnormally low rate of real economic growth during these periods.

This underutilization of employed manpower brings me to another point -- namely, that the true level of unemployment now is very much higher than the figure of about 3.5 percent used officially to designate the level of unemployment. This official figure does not take account of underutilization of the labor force now employed in plants and elsewhere. Even more neglectfully, it does not take account of the full-time equivalent of part-time underemployment. And it does not take account of the concealed unemployment, in the form of those who are not classified as being in the civilian labor force because they are not actively looking for work, and who are therefore not classified as unemployed, even where they have stopped looking for work because they have been discouraged by the scarcity of job opportunity. As shown on my Chart 5, the true level of unemployment, even excluding underutilized employed manpower, was 5.8 percent in the third quarter of 1969, contrasted with the 3.7 percent official figure.

Moreover, the employment problem is even bigger than this. When World War II came along, and we needed civilian workers, we did not limit the search for them to those who were regarded as customarily participants in the civilian labor force. We brought millions of people into the civilian labor force and into useful employment who had never been there before, on the simple ground that they were more useful to our society and better off personally if they had work and income opportunity. There are millions of such people in the United States today, and we are not even thinking about them when we consider the size of what ought to be our employment task in the years and decade ahead. A recent long-range study which I did with respect to Washington, D. C. indicated that, when properly measured, about 10 percent of the people of working age, including many women, were without work opportunity when they ought to have it, even though the official and conventional unemployment figure was only 2.5 percent.

Taking all of these factors into account, my Chart 6 indicates the magnitudes of the job ahead of us, starting with the base year 1968. From that base year, employment needs to be up 7.3 percent by 1972, and 15.2 percent by 1977. The true level of unemployment needs to be down 2.1 million by 1972, and 2.2 million by 1977. Total national production, measured in fiscal 1969 dollars, needs to be up an estimated 229 billion dollars by 1972, and more than 525 billion by 1977.

Aside from the immense difficulties of creating enough total demand to generate these advances in production and employment, and aside from the inseparable problem of getting a composition and distribution of demand and income which will keep us going forward instead of moving up and down, the entire problem is further complicated greatly by the varying rates of technological change to which I have already referred. My Chart 7 carries only through 1966 an analysis of this problem, and I have not had time since receiving your invitation to bring it further up-to-date. Even so, using the period 1947-1949 as a base where the ratio of employment to production is regarded as 100, and then comparing 1966 with 1947, the ratio dropped from 106.8 to 38.8 in agriculture; from 102.9 to 52.9 in all manufacturing; from 99.7 to 62.6 in iron and steel; from 108.3 to 54.3 in motor vehicles and other transportation and equipment; and from 96.6 to 43.4 on the railroads. These trends have been continuing, or even accelerating, since 1966, and they will not abate in the future.

My Chart 8 is highly significant, even though I have not redeveloped it since 1967. Within the perspective of my balanced model for economic and social development, the chart indicated tremendously different goals for increases in civilian employment from 1967 to 1970. These goals range from increases of 67.5 percent in contract construction (reflecting our tremendous needs for housing and urban development), 36.7 percent in government at all levels (reflecting the fact that, due to technological trends, the net increase in employment during recent years has been in this area, and reflecting also the great increasing need for public services), and 33.3 percent in the services generally, to only 12.1 percent in manufacturing, and only 10.7 percent in wholesale and retail trade. Agricultural employment is trended downward at 13.5 percent.

My Chart 9, consistently with the previous chart, portrays goals for changes in the distribution of employment from 1967 to 1977. To illustrate, employment in contract construction is budgeted to rise from 5.1 percent to 7.0 percent of the total, in government from 15.3 percent to 17.2 percent, and in the services generally from 15.3 percent to 16.8 percent, while employment in manufacturing is budgeted to decline from 25.2 percent to 23.4 percent, and in wholesale and retail trade from 20.2 percent to 18.5 percent.

I must emphasize with all the force at my command that these projections of mine are not mere forecasts, based upon past trends. They are goals for balanced economic development and for meeting priority needs. Past trends cannot be accepted in full; they must be modified greatly by positive policies.

Under these conditions and in accord with these goals, if the huge increases in employment we need are not to come in the form of building pyramids and leaf racking, they must come very largely in immense increases in those types of goods and services where the unmet needs of the country are so immense that the expansion of output in such sectors can and should far exceed the rate of technological progress. This obviously means housing for low and lower-middle income groups; urban renewal; substitution of a modern system of transportation for a considerably obsolescent system; universal health services, to provide modern medical services for at least a third of our population who cannot afford them today at current costs; the rescue of our public schools from decay and demoralization, plus greater advances at higher levels of education; the purification of our airs and waters, before their contamination causes an infinitely greater menace than it is now; and vast programs of resource conservation and replenishment. I would include also the restoration of reasonable equality of incomes and public services in our rural areas, instead of continuation of the vain hope that our rural people can be rescued by flooding into the big cities, where they have greatly added to the unemployment and relief roles, and to the complication of all urban problems.

Manifestly, one important aspect of the solution to these problems must reside in very massive increases in public investment, and in this manifestly the Federal Government must take the lead. Consistent with my budgeting of overall long-range goals for the economy, both on the production side and on the employment side, both on the income side and on the product side, I have set forth in my Chart 10 a model budget for the Federal Government. It not only shows how much we need to increase various types of Federal outlays in accord with priority needs, but also reveals that, in the long-run, we can do this without increasing the size of the Federal Budget relative to total national production, if -- and only if -- we restore and maintain maximum production and employment. Shrinking the size of the Federal Budget, relative to the size of the national economy, in the vain hope of promoting economic growth or fighting inflation, is entirely self-defeating, as our experience during recent years so vividly reveals.

Instead of going further into what we must do from now forward to meet all of these essentially interrelated problems and to create a sound and national base for manpower training and service programs, I believe it necessary to examine why we have departed so far from meeting them to date, as revealed by my review of the trends from the end of the Korean war to where we are today.

First and foremost, on the national scene, aside from what we did in World War II in order to survive, we have developed plans but no planning, programs but no program. We have had policies for taxation, money supply, social security, welfare, housing, agriculture, education, manpower, training and services and so forth. But we have not welded them together into a consistent and comprehensive purpose program, and policy, pointed toward defined goals and priorities.

This broader endeavor was the manifest purpose of the Employment Act of 1946, but it has not beem implemented along these lines. There should be developed, under that Act, long-range budgets -- for five or ten years -- for overall production and employment, for the liquidation of poverty, for the meeting of other domestic priorities, and for the broad compositions of product and income flows and distribution which are conducive to the fulfillment of these purposes, instead of inimical to them. There should be broad indications of the relative tasks of the Federal Government, State and local governments, and private enterprise. Only in terms of these kinds of goals, clearly mandated by the Employment Act as written, can policies and programs be brought into line with achievement of these goals. It is my own view that we could never have evolved the kind of tax policy that we enacted in 1964, and to a degree in 1969, nor the atrocious monetary policies which have been in process since 1952, if we had related these actions to our genuine and imperative purposes as the nation, both economic and social.

In the second place, as I have already indicated, we have set up a dangerous dichotomy between our international burdens and our domestic burdens, which has estopped sensible discussion of either. We have put two high priorities in conflict with each other, and to a degree sacrificed both of them to items of very much lower priority. Beyond this, if we had a workable and rationalized program for balanced optimum economic growth in production and employment, we could meet both of these priorities without any essential disturbance even of superfluous, expendable or even deleterious production and employment.

In the third place, we have assumed that programs for economic growth could be effective, without developing effective programs to improve distributive justice, liquidate poverty, clear our slums and rebuild our cities, purify our poisoned airs and waters, and bring our basic health services and public schools into line of elementary standards of deficiency for all. Indeed, this erroneous idea has thoroughly impregnated actual national economic policy, especially fiscal and monetary policy, for many a year. And the irony of all this is that we have made as unsatisfactory a record as I have already reviewed, with respect to economic growth and full employment in the long run, just because we have failed to recognize that the unique characteristic of the American economy is that those programs which will do most on the score of justice and meeting human needs are precisely the same as those which will do most on the score of economic growth and full employment. If we could bring ourselves to recognize this towering fact, we would realize that we in America, through the identity of these two purposes and the means of their attainment, are blessed as no people have ever been before in human history, or even are today.

In the fourth place, we have become so obsessed with the problem of containing inflation that we have almost relegated to the background other problems of equal and even far greater significance. The truth of the matter is that it is technically possible for economic growth and social progress or the reverse to occur under either a rising or stable or falling price level. A moderately rising price level, if caused by programs which advance social justice and meet our great domestic priorities, would be fully acceptable, and of mutual benefit. But the kind of inflation we have had in recent years, and have now in even more virulent form, generated deliberately by stunting economic growth, denying social justice, and neglecting our great domestic priorities, is both intolerable and stupid. It is stupid, not only from the viewpoint of ultimate values, but also from the viewpoint of pure economics. For the cumulative weight of experience since 1953 has demonstrated conclusively that we have had the least price inflation when the economy was growing relatively rapidly, and when unemployment was being reduced greatly, such as during 1961-1966. As shown on my Chart 11, price inflation during recessionary periods, such as 1957-1958 and, above all, during the past three years when the economy has moved into intensifying stagnation and now into recession. The only workable economic program is one which incorporates the limited problem of restraining inflation within the ambit of a long-range and unified program for growth, priorities, and justice. How immoral, aside from being stupid, it is to hear today the paeons of pride that we have succeeded, through strenuous efforts, in bringing economic growth to a halt, and that we face the prospect of rising unemployment. Yet today, in the name of combatting inflation, we have vetoes of spending for education and health, while more than the amounts vetoed were recently doled out to the affluent in untimely and regressive tax reductions, and while the interest rate paid to huge bank depositors has been lifted to almost twice the interest rate paid on meager savings.

Still another example of not seeing things as a whole has been the "war against poverty", and the closely related problem of high unemployment among vulnerable groups. We have defined poverty as a highly insulated aspect of our national life, identified the poor as a special class, and sought to improve their lot by processing their personal characteristics. Instead, as I urged from the outset, we should have recognized that the preponderance of the poverty in our midst results from lack of an adequate unified program for growth, priorities, and justice, which should have proceeded through a few strategic measures at the national level -- such as guaranteed full employment and a universal minimum income -- without riveting such excessive "attention" upon the poor. The fragmentation has resulted in errant experimentation instead of learning from experience, myriads of disconnected programs at all levels, promises far in excess of performance, and widespread disillusionment. Happily, some correctives, along the lines I have urged, are beginning to enter the public discussion, and there have even been some top-level recommendations for national policies of this type.

Closely allied to the poverty program is the allegedly new notion of "participation", or "getting a part of the action". If this were to import that all citizens should be educated and inspired to support one great nationwide purpose and program through political and other action, initiated and adequately supported by the Federal Government, but carried forward also at State and local levels of government and throughout private industry, that would be all to the good. But when the idea of participation becomes degraded into the notion that 200 million citizens can each participate in formulating the programs they need, and that the poorest and most retarded subsections of localities can control and determine the teachers and the teachings in the public schools, we have substituted chaos for democracy, substituted disintegration for useful decentralization, and done this in the thought that we could thus get by on the cheap.

Granted our Federal system, there is nothing clearer than that there is no hope for the American people except in increased recognition of nationwide responsibility, largely through immensely increased Federal investment, and sparked by a unified and rationalized Federal program. I am a friend of our private enterprise system; but nothing does it greater injustice than to fail to recognize that its role is to earn private profits, while the role of Government is to activate public profit. The motive of private profits cannot clear slums, clean up the Potomac, nor develop a universal health service. In these matters, let us render unto Caesar that which is Caesar's, and render unto God that which is God's. The analogy is not perfect because I do not subscribe to any doctrine of the infallability of our Federal Government. But we are going to need more rather than less of Federal action to get out of the woods.

Mr. Chairman and Members of the Subcommittee, I respectfully submit that, until we cure ourselves of these ills and reformulate our course accordingly, manpower training and service programs, however much improved, will not begin to have the opportunity to accomplish what they can accomplish in more favorable overall economic environment.

As I indicated at the outset, I see very encouraging signs that the proposals now before this Committee recognize the validity of much of what I say.

Section 2(g) and (h) of H.R. 11620 expresses precisely the need to guarantee meaingful employment opportunities for all American; that this requires public investment to the extent that the private sector is unable to provide such opportunities; and that there are great unfulfilled public needs in many fields.

Title III of the same bill is entitled "Public Service Employment", and is both useful and pertinent. But the authority granted to the Secretary of Labor in Section 301 to contract for useful public-service employment to underemployed persons touches only a tiny fragment of the public-employment and public-investment aspects of the whole employment problem in the years ahead.

In Title V, Section 501(a)(1) calls upon the Secretary of Labor to research and evaluate the problems created by technological progress and other changes in the structure of production and demand as these impact upon the use of the nation's human resources. But what the Department of Labor can do in this respect, while important, is a mere bagatelle compared to the size and scope of this problem. It is the Council of Economic Advisers which needs to explore this matter thoroughly, and to integrate a long-range job budget with the other goals, policies, and programs of the Federal Government at large.

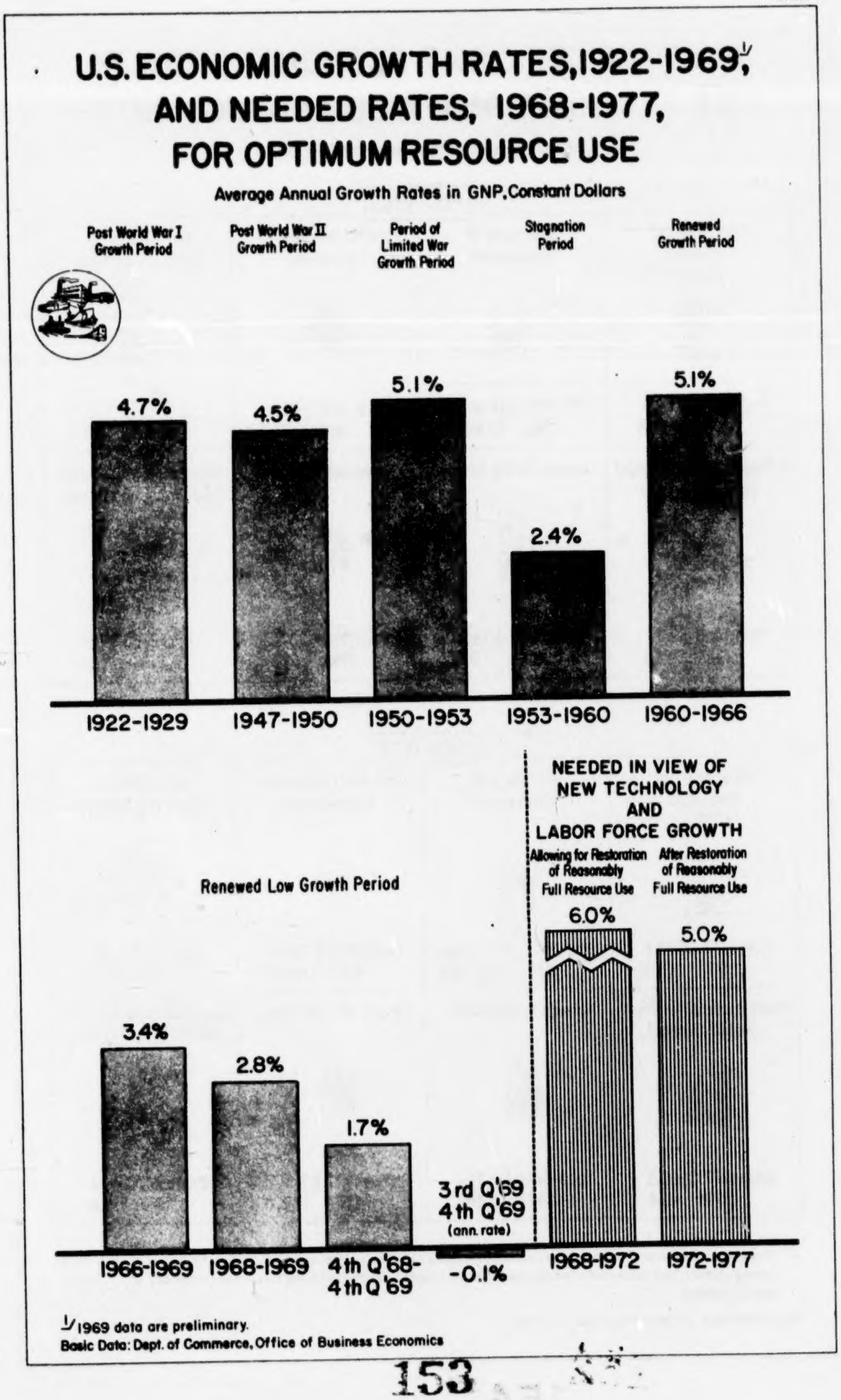
Section 504(a) of the bill is to be commended for authorizing the Secretary of Labor to develop a comprehensive system of labor market information. But for reasons I have already stated, information of what exists cannot substitute for the immensely larger problem of job planning and job creation, not only quantitatively, but also qualitatively in terms of the types of products and services we need. Without this emphasis upon priorities of need, even the projection or even creation of job opportunities tend to reaffirm the past rather than to meet the needs of the future.

My comments with respect to H.R. 10908 introduced by Mr. Steiger and others, and upon H.R. 13472 introduced by Mr. Ayres and others, are basically the same as those I have offered with respect to H.R. 11620, introduced by Mr. O'Hara and others. Each of these three bills has many good proposals, and I respectfully suggest that each of them may fall short of adequate attention to the larger issues I have sought to raise here today. I may not have the technical competence to evaluate the details nor the relative merits of these three bills, nor have I had the time to do so since I received the kind invitation to offer my testimony here today. But I am confident that the details can be straightened out and reconciled, and I hope that the most meritorious of the proposals contained in each of these three bills can be brought together in one measure, and gain the approval of the Congress. I commend all those who have participated in the sponsorship of these necessary measures, and trust that they will not be critical of my comments upon their limitations.

I am greatly heartened by the underlying purposes which have impelled the introduction of these three measures relating to manpower training and service, and by the prospect they offer for even wider endeavors on the part of the sponsors of these measures, and by the Committee on Education and Labor. This is what has prompted me to open up the larger issues touched upon in my testimony here today.

This also prompts me to go one step further, and ask leave to introduce into the record a model bill which I have worked on for some time, suggesting how the Employment Act of 1946 needs to be realigned to fulfill its original promise. I earnestly hope that those on the Committee who are here today, its entire membership, the sponsors of the three bills now under consideration, and other members of the Congress, will find the time to examine this proposal of mine in detail. I think that those who do so will find it suggestive and helpful. If any members of the Congress should later desire to implement any parts of my proposal, I shall be more than glad to make available to them such help as I can.

Chart I



U.S. ECONOMIC GROWTH RATES, 1922-1969,[1] AND NEEDED RATES, 1968-1977, FOR OPTIMUM RESOURCE USE

Average Annual Growth Rates in GNP, Constant Dollars

[1] 1969 data are preliminary.

Basic Data: Dept. of Commerce, Office of Business Economics

Chart 2

COSTS OF DEFICIENT ECONOMIC GROWTH U.S. ECONOMY, 1953-1968 AND 1969-1977

(dollar items in billions of 1967 dollars)

1953-1968

Total National Production (GNP)	Man-years of Employment[1]	Personal Consumption Expenditures	Gov't Outlay for Goods and Services
1953-1968: $ 917.8 1968: 81.8	1953-1968: 38.6 Million 1968: 2.1 Million	1953-1968: $ 692.8 1968: 73.1	1953-1968: $ 32.9 1968: -11.7
Private Business Investment (Incl. Net Foreign)	**Average Family Income**	**Wages and Salaries**	**Unincorporated Business and Professional Income**
1953-1968: $ 192.1 1968: 20.4	1953-1968: $ 11,459 1968: 1,208	1953-1968: $ 637.2 1968: 67.3	1953-1968: $ 79.4 1968: 8.4

1969-1977

Total National Production (GNP)	Man-years of Employment[1]	Personal Consumption Expenditures	Gov't Outlay for Goods and Services
1969-1977: $ 1,173.7 1977: 215.4	1969-1977: 31.4 Million 1977: 5.0 Million	1969-1977: $ 764.0 1977: 144.4	1969-1977: $ 146.1 1977: 27.2
Private Business Investment (Incl. Net Foreign)	**Average Family Income**	**Wages and Salaries**	**Unincorporated Business and Professional Income**
1969-1977: $ 263.6 1977: 43.8	1969-1977: $ 11,958 1977: 2,349	1969-1977: $ 702.7 1977: 132.8	1969-1977: $ 87.6 1977: 16.6

[1] Based upon true level of unemployment concept, including full-time unemployment, full-time equivalent of part-time unemployment, and concealed unemployment (nonparticipation in civilian labor force) due to scarcity of job opportunity.

Basic Data: Dept. of Commerce; Dept. of Labor

Chart 3

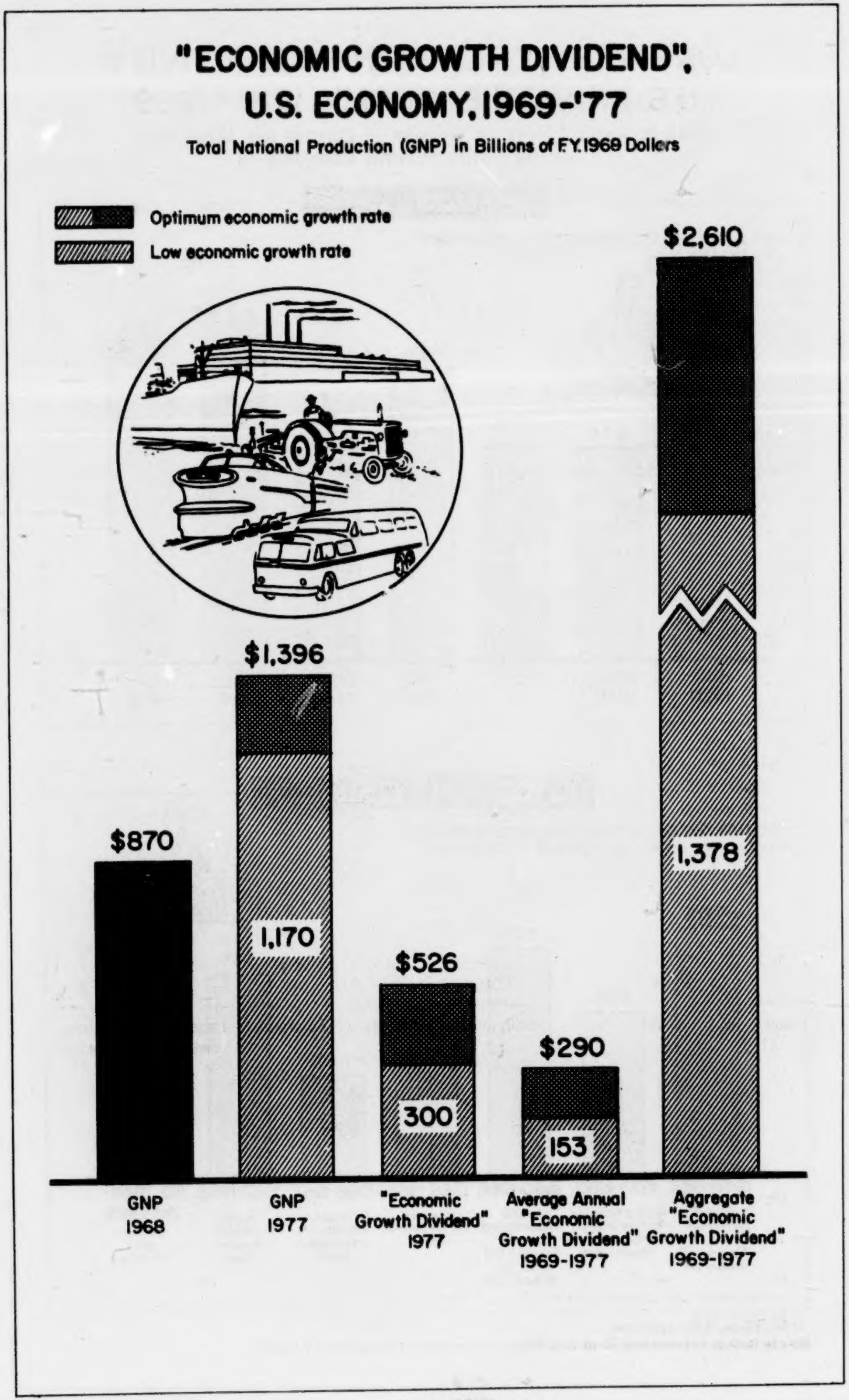
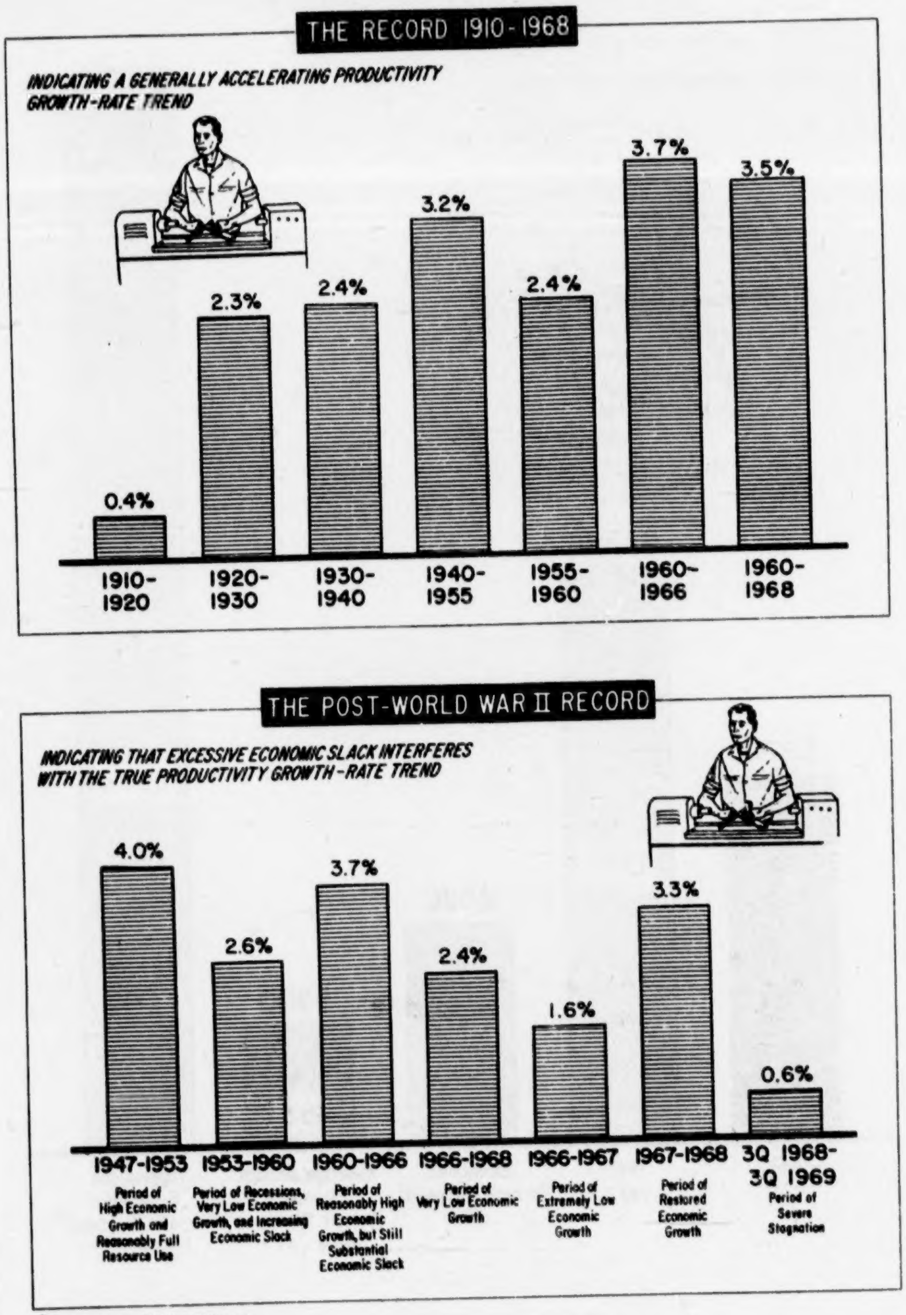

"ECONOMIC GROWTH DIVIDEND",
U.S. ECONOMY, 1969-'77
Total National Production (GNP) in Billions of F.Y. 1969 Dollars
Optimum economic growth rate
Low economic growth rate
$870
$1,396
1,170
$526
300
$290
153
$2,610
1,378
GNP 1968
GNP 1977
"Economic Growth Dividend" 1977
Average Annual "Economic Growth Dividend" 1969-1977
Aggregate "Economic Growth Dividend" 1969-1977

Chart 4

LONG-TERM TRENDS IN PRODUCTIVITY U.S. PRIVATE ECONOMY, 1910–1969[1]

Average Annual Rate of Growth in Output per Man-hour for the Entire Private Economy



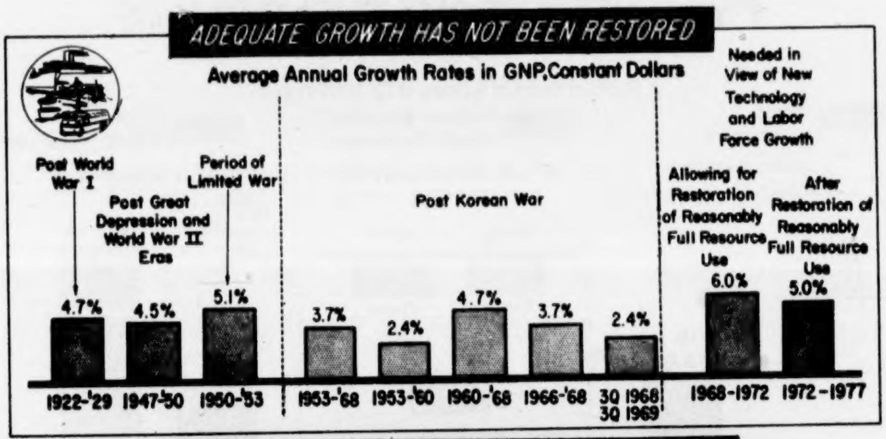
[1] Preliminary 1968-1969 data.

Source: Dept. of Labor estimates relating to man-hours worked (Establishment basis)

Chart 5

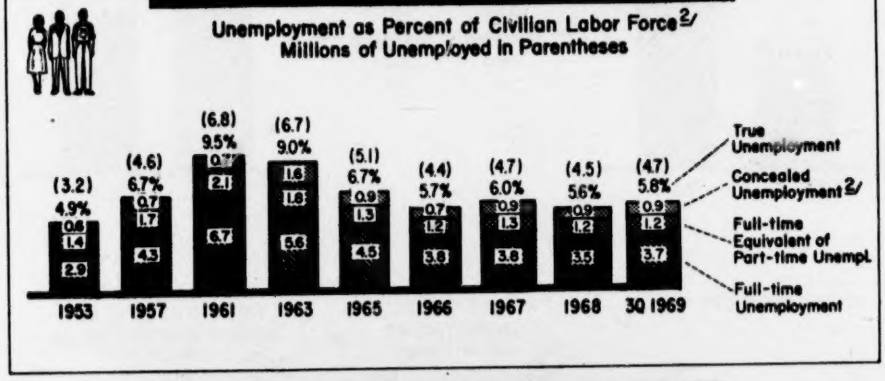
BASIC U.S. ECONOMIC TRENDS, 1953-1969[1]

ADEQUATE GROWTH HAS NOT BEEN RESTORED



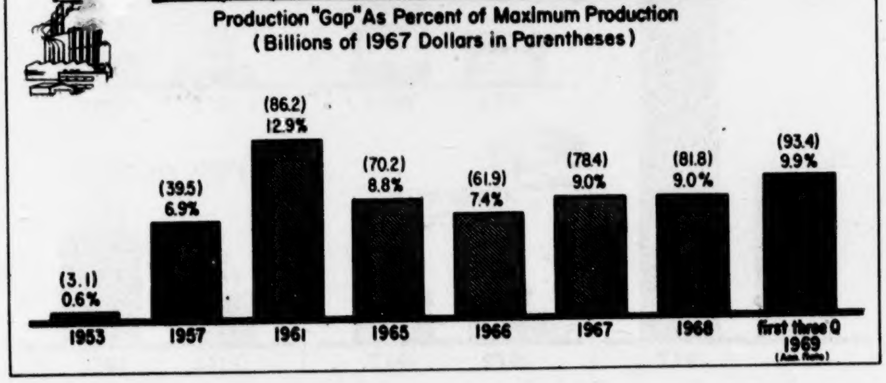
Average Annual Growth Rates in GNP, Constant Dollars

MAXIMUM EMPLOYMENT HAS NOT BEEN RESTORED



Unemployment as Percent of Civilian Labor Force[2]
Millions of Unemployed in Parentheses

MAXIMUM PRODUCTION HAS NOT BEEN RESTORED



Production "Gap" As Percent of Maximum Production
(Billions of 1967 Dollars in Parentheses)

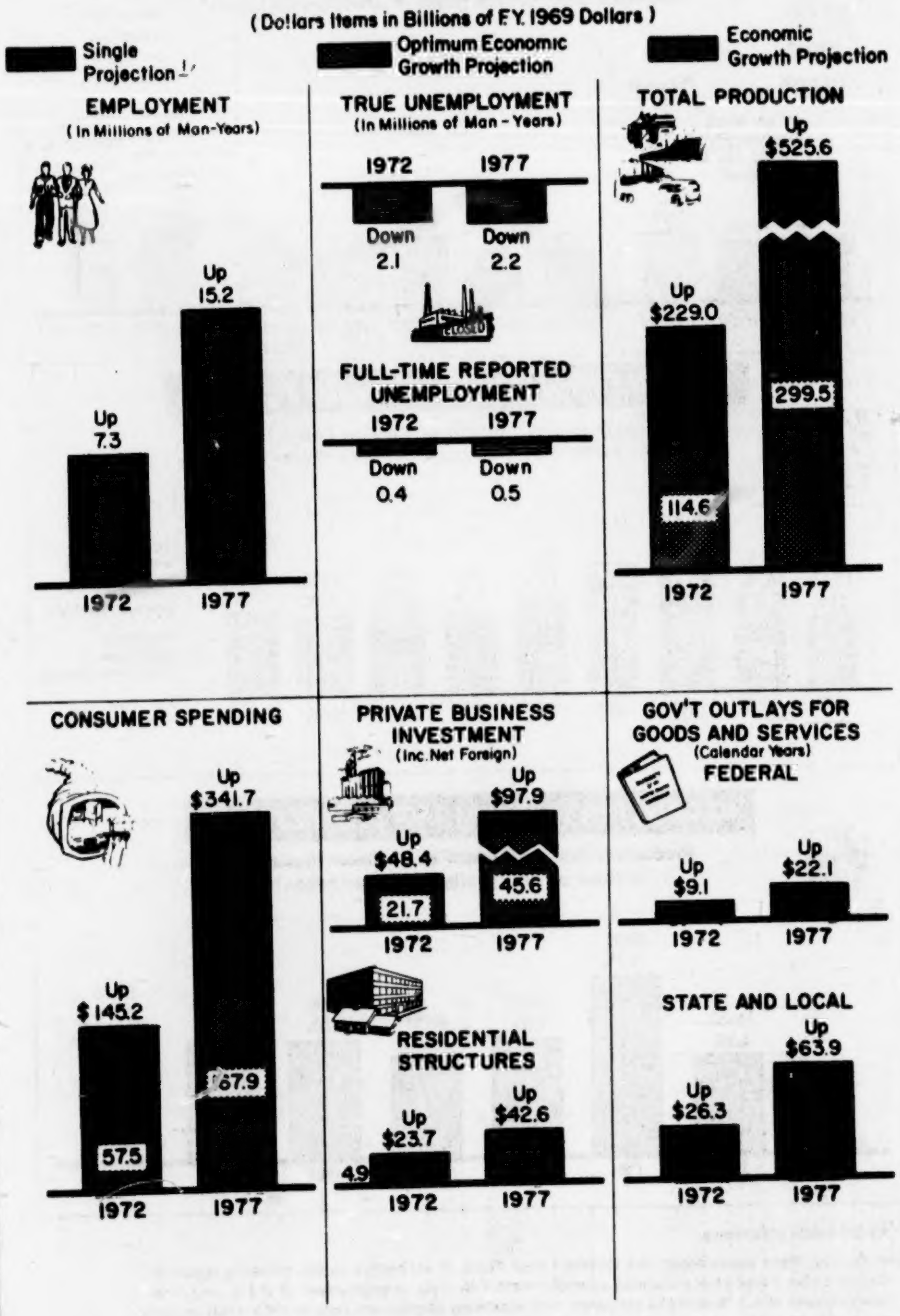
[1] All 1969 data preliminary.

[2] In deriving these percentages, the Civilian Labor Force is estimated as the officially reported Civilian Labor Force plus concealed unemployment. Full-time unemployment of 2.9% and true unemployment of 4.1 % would be consistent with maximum employment. Data for 1953-1966 relate to persons 14 years of age and older; 1967 – 1969 relate to persons 16 years and older.

Basic Data: Dept. of Commerce; Dept. of Labor

Chart 6

GOALS FOR THE U.S. ECONOMY, 1972 & 1977 PROJECTED FROM LEVELS IN 1968

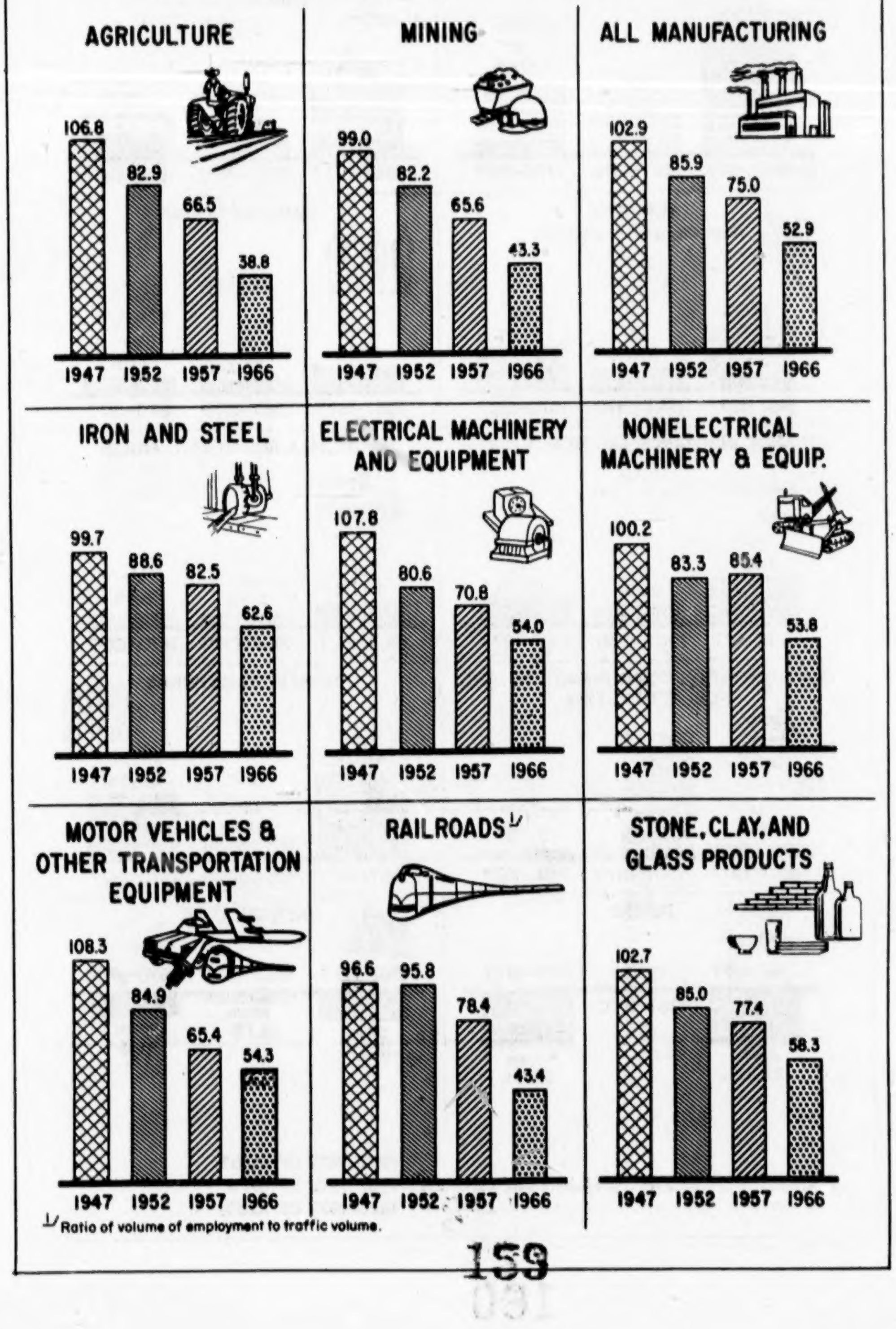


1/ The single projections relate to goals of such high priority that they should not be reduced even if only the lower goals for GNP are attained. In that event, [illegible] priority objectives should be modified accordingly.

Chart 7

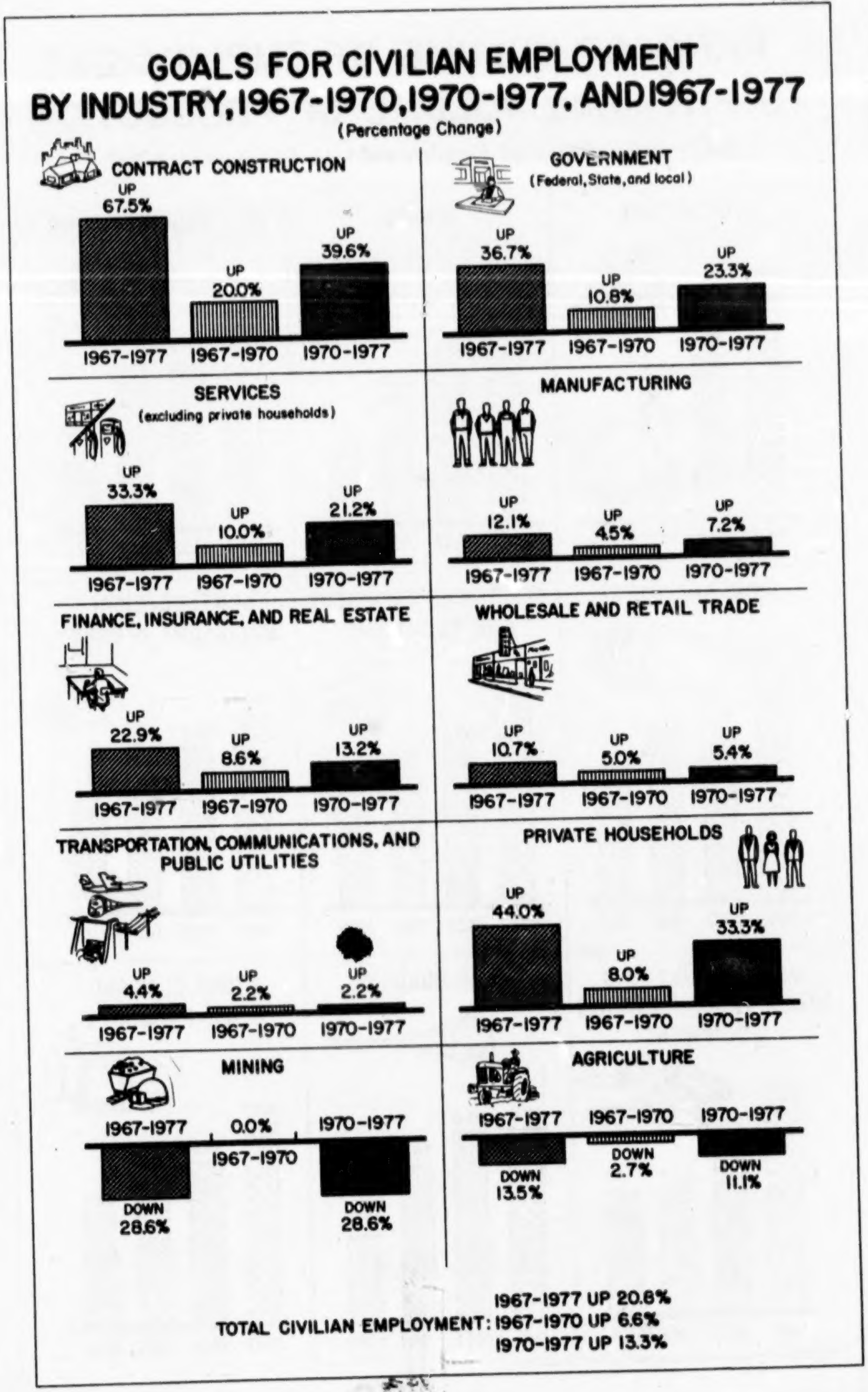
RATIO OF VOLUME OF EMPLOYMENT TO PHYSICAL VOLUME OF PRODUCTION

(1947-1949 Ratio of Employment to Production = 100)



1/ Ratio of volume of employment to traffic volume.

Chart 6



GOALS FOR CIVILIAN EMPLOYMENT BY INDUSTRY, 1967-1970, 1970-1977, AND 1967-1977

(Percentage Change)

TOTAL CIVILIAN EMPLOYMENT: 1967-1977 UP 20.6%
1967-1970 UP 6.6%
1970-1977 UP 13.3%

Chart 9

DISTRIBUTION OF CIVILIAN EMPLOYMENT BY INDUSTRY, ACTUAL 1967, GOALS 1970 & 1977

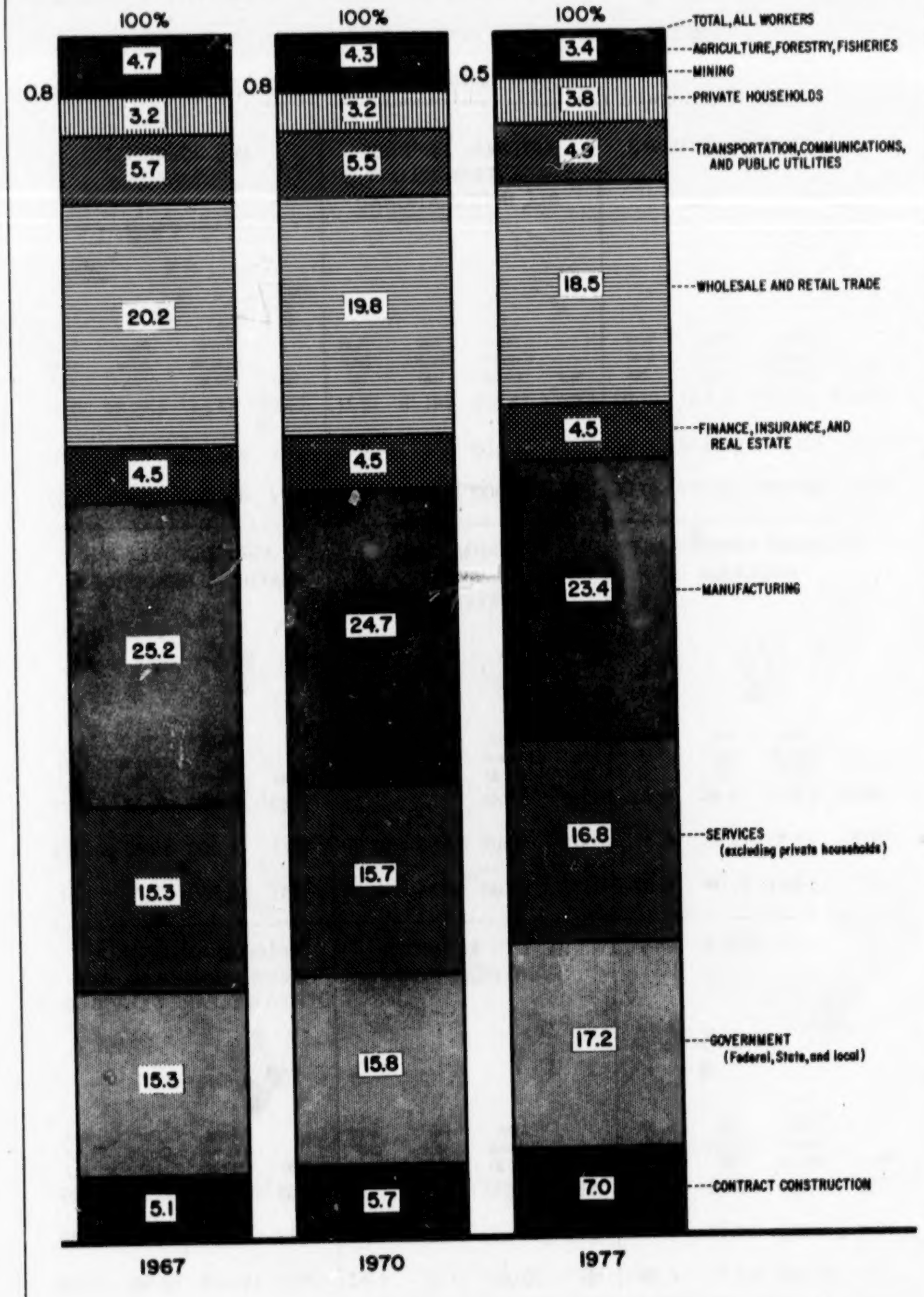


Chart 10

GOALS FOR A FEDERAL BUDGET, 1972 AND 1977, GEARED TO ECONOMIC GROWTH & PRIORITY NEEDS

1969, fiscal year; goals for 1972 and 1977, calendar years

All figures in fiscal 1969 dollars 1/

ALL FEDERAL OUTLAYS

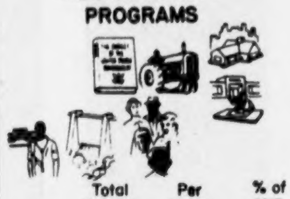
THE BUDGET OF THE UNITED STATES GOVERNMENT

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	186.062	917.01	21.02
1972	226.500	1,068.90	20.61
1977	280.000	1,223.77	20.06

NATIONAL DEFENSE, SPACE TECHNOLOGY, & ALL INTERNATIONAL

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	89.515	441.18	10.11
1972	90.000	424.73	8.19
1977	94.000	410.84	6.73

ALL DOMESTIC PROGRAMS



Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	96.547	475.84	10.91
1972	136.500	644.17	12.42
1977	186.000	812.93	13.32

ECONOMIC OPPORTUNITY PROGRAM

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	2.000	9.86	0.23
1972	3.800	17.93	0.35
1977	5.500	24.04	0.39

HOUSING AND COMMUNITY DEVELOPMENT

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	2.784	13.72	0.31
1972	5.500	25.96	0.50
1977	9.000	39.34	0.64

AGRICULTURE; AND NATURAL RESOURCES

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	8.099	39.91	0.91
1972	12.000	56.63	1.09
1977	15.500	67.75	1.11

EDUCATION

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	4.699	23.16	0.53
1972	16.200	76.45	1.47
1977	32.900	143.79	2.36

HEALTH SERVICES AND RESEARCH

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	10.655	52.51	1.21
1972	14.000	66.07	1.27
1977	20.000	87.41	1.43

PUBLIC ASSISTANCE; LABOR, MANPOWER, AND OTHER WELFARE SERVICES

Year	Total Expend. (Bil. $)	Per Capita ($)	% of GNP (%)
1969 2/	6.280	30.95	0.69
1972	9.500	44.83	0.86
1977	15.100	66.00	1.08

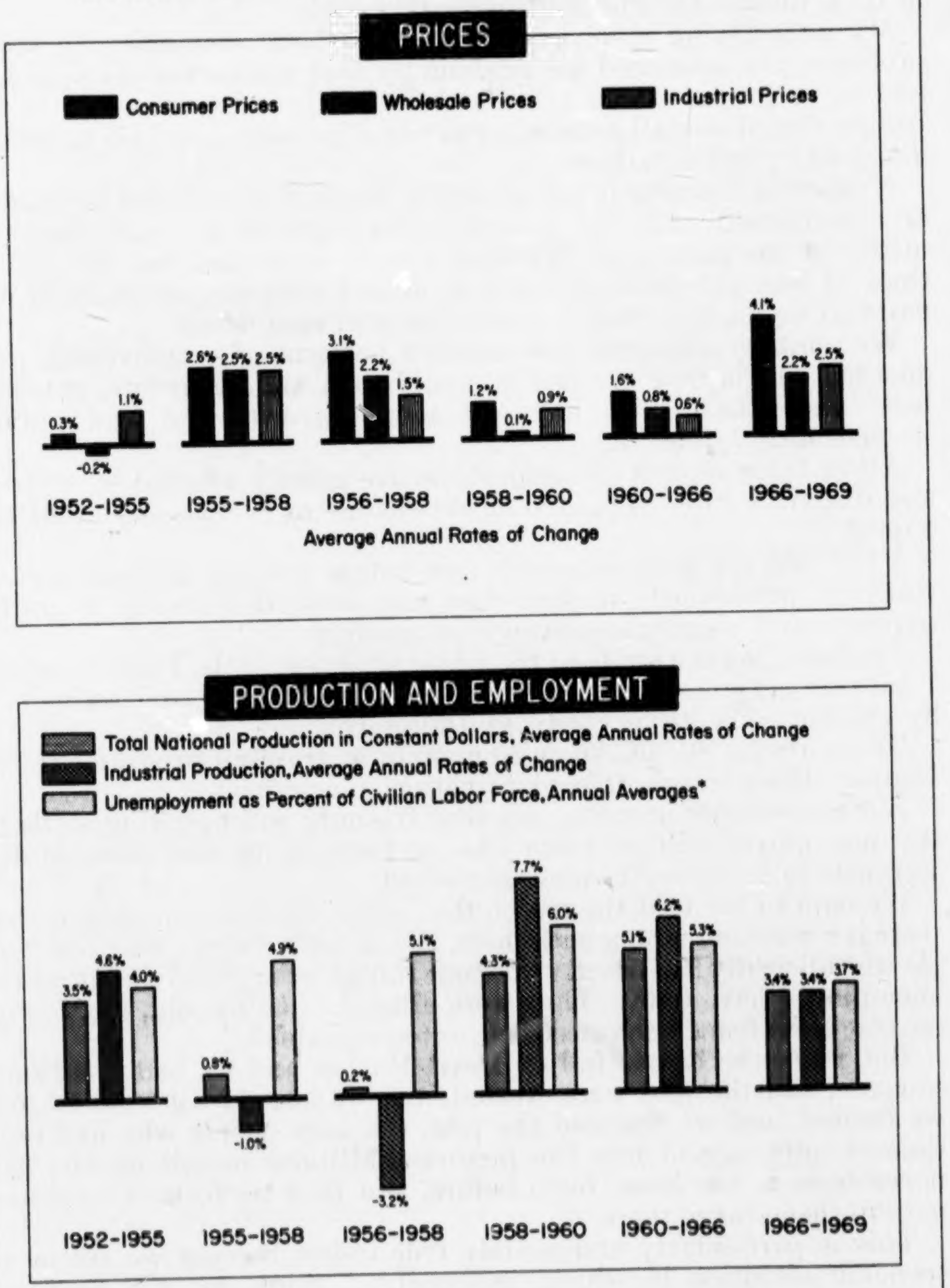
1/ Dollars of purchasing power apparently assumed in President's fiscal 1969 Budget

2/ Administration's Proposed Budget as of Jan. 29, 1968. Beginning with fiscal 1969, the Budget includes the immense trust funds, net lending, and other relatively minor new items. Note: Goals include Federal contributions of one billion in 1970, and more than two billion in 1977, to the OASDHI to help increase benefit payments to the aged.

Projections by Leon H. Keyserling.

Chart 11

RELATIVE TRENDS IN ECONOMIC GROWTH UNEMPLOYMENT, & PRICES, 1952 - 1969[1]



[1] Preliminary 1969 data.

* These annual averages (as differentiated from the annual rates of change) are based on full-time officially reported unemployment measured against the officially reported Civilian Labor Force.

Source: Dept. of Labor, Dept. of Commerce, & Federal Reserve System

Mr. KEYSERLING. Mr. Chairman and members of the subcommittee:

I deeply appreciate this opportunity to make known my views on the three bills before you, all pointed in the main toward improving manpower training and service.

I applaud the attention being focused upon this important problem by three thoughtful and challenging proposals.

My intensifying involvement in our national economic and social problems has convinced me profoundly that manpower training and service programs cannot achieve their full promise unless set in the perspective of overall economic and social problems, and all programs designed to deal with these.

Manpower training is not an end in itself. Not even employment is an end in itself, although it contributes mightily to the dignity and utility of the individual. We must also be concerned that the allocations of jobs and production are in accord with the priorities of our national needs, lest wealth accumulate and men decay.

We must be concerned lest existing patterns of employment, production, and income are not in equilibrium and, therefore, generate basic distortions which impair economic growth and lead toward stagnation and recession.

All of these aspects of the problem are greatly affected by relative and disparate rates of technological change in various sectors of the economy.

I feel that the manpower bills now before you can perform a great function, particularly in that they may serve to a degree to unify, improve, and coordinate manpower training.

I recently made a study of the whole situation in the District, which I am sure is typical of the Nation, and the only way to describe it is by the old song "Everybody Is Doing It."

There are 30, 40, 50, 60, or 80 manpower training programs in the District. There is very little coordination among them.

But more important, the idea that training and uplifting skills of the unemployed will get them jobs has been, in my view, proved disastrously false, unless the jobs are created.

We tend to say that the reason the people are not employed is that there is something wrong with them. But in 1939, we had 8 million people who allegedly had exactly the same things wrong with them that the unemployed have today. They were alleged to be too old, too young, too black, too female, too unskilled, or too untrained.

But when the bombs fell on Pearl Harbor and we had a national purpose, and the jobs were created, and we knew what kind of jobs we needed, and we financed the jobs, the very people who had been deemed unfit moved into the factories. Millions moved in who had never been in the labor force before, and they performed well, and most of them stayed there.

This is particularly and acutely true today, because we are in an economic situation in which, unhappily, I think, we will be for a substantial period of time, where the propulsion of employers to employ people will be reduced rather than increased.

Therefore, the great task is to unite and integrate a manpower and training program with those programs which will create jobs rather than destroy them.

I think I can summarize further by calling your attention to these charts that I have.

If we will look at chart 1, it shows the real rate of economic growth. There is no way in the world of creating a job for anybody except through economic growth, and this is entirely independent of whether they are trained or well trained, because every person that is employed adds to production and, therefore, the demand has to exist and the production has to exist to call the people into the jobs even if they are as well trained as Michelangelo.

We have the impression that this difficulty in the economy is of recent origin and short duration. It is not. As this chart shows, during 1953 to 1960 we had three recessions, we had economic stagnation, and we had only a 2.4 percent rate of real economic growth.

I don't think there has really been very much improvement since. I don't think the policies have been very well adjusted to much improvement. And I am entirely nonpartisan about this. We did have a short upward movement from 1961 to 1964 but this was an unsatisfactory recovery. It was not induced by policies. It was very similar to what we had had three times before in the past 10 years.

Then in 1964 we had massive tax reductions, $20 billion. I said it was thrown into the streets. Naturally, it stimulated the economy for a while, but, as the chart shows, it only stimulated the economy until 1966. And because this policy was so ill-designed to address the imbalances in the economy and to meet our real needs, as I had forecast, the consequences of it began to make themselves manifest in 1966 and did not wait until 1969 or 1970.

As the bottom half of the chart shows, we have had a continually declining rate of economic growth, averaging only 3.4 percent during 1966–69, moving to 2.8 percent from 1968 to 1969, to 1.7 percent from the fourth quarter of last year to the fourth quarter of this year, and in the fourth quarter of this year the economy was brought to a complete halt and anybody who reads the papers today must know we are now in an absolute recession.

A.T. & T. is at the lowest level in many years. The stock market is at the lowest level in 3 years. These are merely indicators. But all the basic economic indicators show that we are now in a recession.

The second and third charts, on which I will spend only a moment, show the cost of this. Here we are a Nation divided as never before between those who feel that we must neglect our international burdens and responsibilities, which would last even if we get out of Vietnam tomorrow, and I will not discuss that issue, but we must neglect these in order to meet our domestic priority needs, and on the other side there are those who think we must neglect our domestic priority needs to meet our international burdens.

This is so divisive that it stultifies intelligent discussion of either, until this is resolved on the ground of recognizing that, when we call forth the full power of the American economic potential, we will have the power to meet both.

These charts show that during the years since 1953, which I am reviewing, we have sacrificed almost a trillion dollars of national production. We have had almost 39 million man-years of excessive unemployment.

If this performance on the average should continue from 1969 to 1977, and the developments of the last 3 years as I have reviewed them and even of the last 7 years indicate not very much prospect of doing better without changes in policies, we will lose more than another trillion dollars of real national production, and forfeit about 31 million man-years of employment opportunity.

The unemployment problem would become enormous. One of the reasons which makes the unemployment problem particularly difficult, aside from this basic reason, and one which is very closely related to manpower and training, is shown on chart 4. That has to do with the rate of productivity growth.

Obviously, if the economy doesn't grow any faster than the rate of productivity growth, you are not going to get any more on employment.

If productivity of employed people grows 3 percent and the economy grows 3 percent, you don't get any more employment.

What this chart shows is that we have underestimated the raging forward movements of technology, productivity, science, management, and labor skills.

Over the years, the rate of productivity growth has accelerated greatly.

As you can see from the chart, it was only 0.4 percent annually from 1910 to 1920, and it rose to 3.7 percent from 1960 to 1966. It was actually 4 percent from 1947 to 1953.

The technological growth is continuing, no matter what happens to the economy. In fact, some people think it continues faster when the economy is slowed down. Nonetheless, we hear a lot of talk now about the great decline in productivity growth, as shown on the chart. This has nothing to do with technology.

When the economy is not growing, when we are in stagnation, or when we are in a recession, and the plants are turning out less goods relative to their capacity, they do not fire the people. So instead of having overunemployment, you have underutilization and underemployment in the plant.

If we really learn as a nation to correctly measure unemployment, we would measure the underemployment, factor it in properly as an aspect of the unemployment.

We have an enormous amount of underemployment now, as represented by the fact that the productivity growth rate by the third quarter of 1969 was down to 0.6 percent, although technologically we have seen that it is at least 3.7 percent and perhaps 4.0 percent.

This situation, of course, cannot be improved except with a great accent upon the growth of the economy and the growth of job opportunities.

In the next place, as shown by my chart 5, the unemployment problem which these bills concentrate on is now much more serious because it isn't properly measured.

We read in the papers that the official rate of unemployment is somewhere around 3.5 percent. This doesn't count the underemployment in the plants, but, more obviously, it doesn't even count the full-time equivalent of part-time unemployment.

If 100,000 people are laid off for a month, that enters into the unemployment figure. But if 200,000 people are put on an 18-hour week instead of a 36-hour week, this is equal to 100,000 full-time unemployment, and it isn't counted at all.

Also, we don't count the concealed unemployment. If a 19-year-old man in Detroit, with automobile production 6 percent lower this year than last year, finds that he can't get a job and that his 24-year-old brother and 46-year-old father are holding onto their jobs by the skin of their seniority, then, when he stops looking for a job for 2 weeks, and goes into the poolroom instead, he is no longer counted as unemployed.

There is still another factor that enters into the technological picture, and thus into the training picture. I gave the example of World War II. When we got into World War II, and took 18 million of our best workers out of the labor force and put them into the Armed Forces and had to look around for workers, we didn't just look for the people who were unemployed and didn't look just for people who had never been in the labor force.

We looked for people who had never been in the labor force. We looked for women. We looked for Negroes who had never been industrially employed before.

We recognized that, while they had not been classified as unemployed, they were unused manpower and womanpower and a great national value.

My recent study in Washington showed that, when you count all of these kinds of unemployment, and if you really think of how unused manpower and womanpower could be put to national use, the unemployment rate as I define it was about 10 percent rather than 2.5.

I am not trying to exaggerate the problem. I am just trying to illustrate the realities of the problem which makes all of the objectives of these measures more urgent and more relevant.

My chart 6 shows the size of the job we have to do. Here I don't even count in the underemployment in the plants. I don't even count in the people who never entered the labor force but ought to have. I count in only the actual unemployment, the full-time equivalent of part-time unemployment, and the concealed unemployment of those who have been in the labor force but who have moved out, or who would normally go in but haven't gone in because there wasn't job opportunity.

This shows, using 1968 as a base, employment needs to be raised 7.3 percent by 1972, and 15.2 percent by 1977; that the true level of unemployment needs to be reduced by about 2 million by 1972; that total production, measured in uniform dollars needs to be upped $229 billion by 1972 and $525 billion by 1977.

If we look at chart 7, what it shows is the influence of technology upon the problem. This chart only runs through 1966. I haven't had time since receiving your invitation to testify to bring it up to date. But it tells the story just the same, except that it has gotten much worse.

What I have done here is to say that in 1947–1949, used as a base year, the index of employment to production was 100. Then if we look at agriculture, we see that the index, so measured, fell from 106 in 1947 to 38.8 in 1966. This means that if you have the same amount of agricultural output you would use only somewhat more than one-third as much manpower to produce that same level of output.

In mining, the index fell from 99 to 43. In all manufacturing, it fell from 102 to 52. In iron and steel, from 99 to 66.

I won't read all the others.

In automobiles, it fell from 108 to 54; and in railroads, it fell from 96 to 43.

This trend, although I don't have the exact figures, has continued with a vengeance since 1966 under the impact of technological change. This explains why, whether we like it or not, but as we all know, the net increase in employment since 1966 or 1964 or 1962 has been almost entirely in the services and almost entirely in Government employment.

There is no way of changing these technological trends. In fact, they can become a benefit rather than a liability if we adopt the job-creation programs, and implement them with the manpower and training programs, to move us in the direction.

But manpower and training itself will not do it. It will not do any of it.

Chart 8 really shows in another way what I show on chart 7, and, while this one only runs to 1967, the trends have been the same since.

I have here made a budget, and a budget is a very different thing from a forecast. When you read most of the forecasts of the composition of employment, whether they come from the Labor Department or elsewhere, they are merely projections of past trends.

Well, the purpose of policy is to change past trends, because the past trends have caused the problem. This is a job budget for the Nation which has been made an integral part of my overall economic budget, showing not where we are going but where we need to go, if we are not only to get full employment but to get the distribution of that employment in accord with our basic needs.

We can get plenty of automobiles without stimulating more employment in that industry or asking Henry Ford to train people.

But we can't clean up the Potomac that way. We can't build hospitals that way. We can't renew cities that way.

This shows, in this kind of a job budget, which takes account not only of our economic needs but of our human needs, which are the ultimate purpose of all economic activity, that contract construction needs to go up 67.5 percent.

This is because of the great need for housing and the great need for urban renewal. Government employment needs to go up 36.7 percent. This is because the technological factors that I have already mentioned, but also because we will need greatly increased Government services in the years ahead, if they are properly directed.

The service industries need to go up 33.3 percent. In contrast, even in a full employment economy, I cannot figure that manufacturing employment will go up more than 12 percent, and wholesale and retail trade employment up more than 10.7 percent.

Chart 9 merely translates chart 8——

Mr. Burton. Excuse me.

Would you define for us the different shadings? Let us take contract construction. You have this diagonal chart. What is that supposed to stand for?

Mr. Keyserling. The first bar is the whole period from 1967 to 1977. The second is the period from 1967 to 1970. The third is the period from 1970 to 1977. The second two bars are merely the breakdown of the longer period shown on the first bar.

Mr. BURTON. I see. So by 1970, we should have been up 20 percent over what year?

Mr. KEYSERLING. Over 1967. Of course, we weren't. I mean, housing construction has suffered the most catastrophic decline this year of any major industry since the great depression, and if I were testifying on another subject I could tell you why. Tight money and rising interest rates, so forth and so on.

That is one of the reasons, of course, because we haven't adjusted our policies to the technological change and to the national needs, that we are now where we are now.

As I say, chart 9 merely translates chart 8 into the changing composition of employment, showing, for example, that contract construction should rise from 5.1 percent, shown at the bottom in the black, to 7 percent of total employment; government from 15.3 to 17.2; services from 15.3 to 16.8; while manufacturing would decline from 25.2 to 23.4.

One of the implications of this, which is touched upon in some of the bills, maybe more specifically in the one introduced by Congressman O'Hara and others, is it identifies the problem of public employment and public needs, but it gives it a lick and a bang, if I may say so. It identifies it. It has been identified many times.

What is done in my chart 10 is to budget as part of my overall budget the various needs of the economy that involve public programs, and to translate those into dollars and cents. Of course, it contemplates, over the years ahead, vast increases in education and health services, in housing and so forth.

But the most interesting thing, if you look at the first bar at the left, is all Federal outlays as a first box at the left. All Federal outlays as a percent of GNP could and should actually decline slightly, if and only if we adopt the policies to restore and maintain the maximum employment and production objectives of the Employment Act.

There is nothing more vain and self-defeating, as we should have learned by now, than to try to solve the problem by reducing the size of the budget relative to the national economy, particularly at a time when the national economy is in recession.

All this has great implications for manpower and training.

Finally, before getting specifically to these bills, I want to say something on the subject of inflation, which is dealt with in my chart 11. This is a thesis which I have been advancing for 17 years.

Mr. BURTON. May I catch one point to be sure I am with you?

Mr. KEYSERLING. Surely.

Mr. BURTON. On your chart 10, the public assistance, labor and manpower and other welfare services, do you include in that cash payments under the Social Security trust fund mechanism?

Mr. KEYSERLING. Yes. Footnote 2 shows that it is based on the Administration's proposed budget which, beginning with fiscal 1969, includes the immense trust funds, net lending and other relatively minor items. So they are included.

They are not included entirely in that one category. There is the problem of how these Federal budgets are made up and how the allocations are made, which, as you know, is very complex.

Mr. BURTON. Did you make any assumptions as to the current method of financing public assistance income maintenance programs, whether they stay as currently financed with Federal-State money, or whether there would be a shift to all primarily Federal expenditures?

Mr. KEYSERLING. This chart is based mostly on the going system. This doesn't imply that I favor the going system. I am very much in favor of the President's proposal to substitute a more uniform and more decent form of assistance.

I think the amounts are too low even as a start. I think single people as well as couples should be included, so forth and so on.

But I have said that I regard the proposal as perhaps the most fundamental and basic and encouraging proposal since the original Social Security Act. There are aspects of it I have been advocating for many years, a twofold program, a guaranteed full employment, and a universal, uniform system of help to those who can't be employed.

But this chart does not include that in full, because this is based on the existing pattern of operations.

Mr. BURTON. Thank you.

Mr. KEYSERLING. Coming to my chart 11 on the subject of inflation, this chart bears out what I have been saying since 1952, when the accord was reached between the Federal Reserve Board and the Treasury which resulted in the policy of tight money and rising interest rates. I have found that 18 years of pragmatic experience have borne out fully the position that I took earlier, but this has not been long enough for the policymakers to find out that they are wrong.

Maybe another 19 years, with the prime interest rate going to 20 percent, and the interest rate on housing going to 15 percent, so that we don't get any, and people who can deposit $100,000 in the bank getting paid 15 percent while the poor person who has a meager $1,000 of savings in the bank gets less than half as much in interest—maybe after another 19 years the lesson will be driven home.

The lesson is a very simple one, and it is very closely related to manpower training, and very closely related to employment.

The whole idea that when the economy grows faster and when you get closer to full employment you have more inflation is 100-percent bunk.

And yet almost every policy is guided by that false idea, and if any of these bills should pass, and a large appropriation should be needed to implement it, you would indubitably be confronted by the argument, "Well that is a great idea, but we can't afford it now because we are fighting inflation."

Mr. MEEDS. We heard that yesterday and over the weekend.

Mr. KEYSERLING. You will hear a great deal more of it. Let me show you why it is wrong, not from my theory but from the facts.

Let us look for a moment at this chart. In the top section of the chart I have shown the actual developments in prices. In the bottom sections of the chart, I have shown the actual developments in real economic growth.

I have also shown it for industrial production and unemployment, but let us forget that.

From 1952 to 1955, if you look at the first bar at the top and the first bar at the bottom, the average annual increase in the consumer price index was 0.3 percent, and the real growth rate of the economy averaged 3.5 percent.

Mr. MEEDS. What are your base years?

Mr. **Keyserling.** These are the averages for those years. In other words, the top chart at the left says that from 1952 to 1955, a 3-year period, the average annual increase in the consumer price index was 0.3 percent.

The average annual real growth rate of the economy was 3.5 percent.

From 1955 to 1958, we got into a period of stagnation, including—in 1957 and 1958—the most serious recession thus far since World War II.

The average annual increase in the consumer price index rose to 2.6 percent, and the average annual growth rate of the economy fell to 0.8 percent.

Coming over to 1960–66, the intervening ones show the same thing, but I am trying to shorten this; from 1960 to 1966, the real growth rate of the economy averaged annually 5.1 percent, and the average annual increase in consumer prices was 1.6 percent.

From 1966 to 1969, as I have already reviewed, the real growth rate of the economy fell to 3.4 percent, and the price inflation rose to 4.1 percent.

Most extraordinary is what has happened in those 3 years. The real growth rate of the economy has fallen to zero, and the price inflation has gotten faster and faster.

In 1969, the price inflation was 5.4 percent, and the growth rate of the economy was almost zero.

In December 1969, when it got down to zero, we read that the consumer prices went up 6.1 percent, and now we read in the papers today, when we are probably in an absolute recession—although debating that question doesn't really affect my point—we read that the wholesale price index has gone up more in this month than for a long, long time, and the consumer price index will, too.

This seems to me a long enough time for us to recognize that we should stop trying to interfere with economic growth which is worth more to us, anyway, than a slight difference in the price level, because that is the real source of wealth, stop interfering with full employment, stop questioning manpower and training programs to create the facility for more employment, and learn from the record that a healthy, growing, productive American economy on a fairly stable basis yields much less price inflation in the long run.

I emphasize this because, while it is only partly relevant to the manpower and training bill, it is relevant to almost every decision that the Congressman make, and almost every argument that they hear and whatever they are trying to do.

Mr. **Burton.** May we stay with this chart, Mr. Chairman, for a moment?

Mr. **Daniels.** You are recognized, Mr. Burton.

Mr. **Burton.** One of the things that has fascinated me over the many years I have heard you testify are these magic little charts of yours. It is helpful that I understand them.

Would you develop for us, using your chart 11, what conclusions should be drawn by the relationship between consumer prices and unemployment as a percent of civilian labor force?

Mr. **Keyserling.** The conclusion that should be drawn is clear. Let us take, for example, the period that I reviewed from 1955 to 1958. As we all know, unemployment rose from about 2½ percent of the labor force in 1953 and 1954, to 7 percent, and this is merely full-time unemployment, by the time of the 1967–68 recession.

In other words, it almost tripled as a percent of the civilian labor force. With unemployment almost tripling, the average annual rate of price inflation rose from 0.3 percent to 2.6 percent, as shown on my chart, which is almost nine times as fast.

Shouldn't this alone be enough to begin to question the idea that higher unemployment means more less price inflation?

I will give the reasons why in a minute.

Now, let us come to the more recent period. From 1960 to 1966, as we all know, full-time unemployment was reduced from 7 percent, roughly speaking, to the 3.5 percent which it is now, approximately, although it is much higher when you count it right, but that doesn't relate here.

And during the period when unemployment was reduced from 7 percent to 3.5 percent, we had an average annual rate of price inflation of only 1.6 percent.

During the later period, 1966–69, when the economy has moved from stagnation to recession, and when the real economic growth rate declined greatly, the price inflation increased greatly.

Some will ask why we have not gotten a lot more unemployment. There are two reasons. The first reason is the underutilization in the plant which will become overt.

The second and more important reason——

Mr. BURTON. By "overt," do you mean those that will become unemployed?

Mr. KEYSERLING. Exactly.

The more important reason goes back to my chart on "Productivity," which is chart 4. Here we see that during 1960–66, the average annual productivity growth rate was 3.7 percent.

But in 1966–67, when the economy began slowing down, it fell to 1.6 percent.

From third quarter, 1968, to third quarter, 1969, which are the latest figures I have, it fell to 0.6 percent. Why? Technology didn't move backward.

In fact, with the tremendous and even relatively excessive level of business investment which the Congress has tried to slow down with the repeal of the investment tax credit, technology was advancing faster than ever before.

Labor didn't become less skilled. Management didn't become less active. What happened? We got underutilization of employed people.

In other words, instead of firing the people, they just used the same number of people for a slower growth in output than the technological change and, therefore, the productivity rate fell tremendously.

This also shows why, contrary to the current belief which confronts us on all grounds, that you are going to stop inflation by slowing down the economy, when the slowdown in the economy reduces to productivity growth rate to 0.6 percent, labor costs rise tremendously, and then we start shouting that wages are increasing faster than productivity grows, and that this is inflationary. But wages are not increasing faster than the technological productivity advance plus cost of living.

They are increasing faster than the actual growth in productivity, caused by the slowdown of the economy, by the tight money policy and the various other things that are inimical to economic growth and employment.

So what should we do? If we bring the wage rate increases down to the 0.6, we will have still less demand, and instead of automobile production contracting at 6 percent it will contract 16 percent or 20 percent.

We have to bring the productivity growth rate up to the potential, and the way to do that is to get the economy running again.

So everything bears upon the point that the slowdown in the economy and the aggravation of unemployment, real or concealed, and the effort to fight inflation in the wrong way, cause more inflation.

Another reason for this is clear. I mentioned the automobile industry. The automobile industry announced last year that they expected a 6-percent decline in output this year. It may be worse.

At the same time, they announced a big price increase. How do the economists equate these two developments with the idea that price increases are due to excessive demand, excessive volume, and excessive pressure upon productive facilities?

The steel industry just announced a big increase. Steel plants have been operating at tremendous undercapacity for a long period of time.

In other words, we live in an administered price economy where an endeavor is made—and I am not castigating the businessman—to try to compensate for the inadequate volume, and inadequate employment, and inadequate growth in the economy by a higher price per unit so he can achieve his investment and profit target even though the economy has slowed down.

So these are the whole confluence of reasons why the whole range of policies designed to reduce employment, increase unemployment, slow down the economy, are profoundly inflationary.

Now let me come to the specific proposals in these bills, relating to manpower and training.

I have said what I have said because I would not be honest with this committee if I did not register my great conviction that manpower training and programs, along with some of the other things we are doing so erroneously, will become an increasing source of disillusion and frustration to the recipients of the training unless the jobs are there.

Training itself doesn't create the jobs.

Industry will employ people when it is profitable to employ them. Even the point that we would employ them if they were better trained is not like a mathematical table. It is a matter of how the economy is operating.

I pointed out that, during World War II, it was profitable to employ people—there are always workers on the margin. If we wanted to be efficient in terms of employing the more efficient people, we would become most efficient when we got employment throughout the Nation down to one, the most efficient man in the country, or down to 10 million, the most efficient 10 million.

But it becomes efficient on a national basis to move lower down in the skill scale as the demand becomes higher and the economy operates at a higher level, and the people are drawn in.

And also, due to the technological changes, a lot of these people need to be employed in the public sector to meet national public needs.

So even if they were drawn for the first time into the production of cigarettes, jewelry, luxury hotels at Miami Beach, and automobiles, so that the air would become entirely poisoned, it wouldn't meet the national need.

Let me get to the parts of the bill that deal specifically with manpower and training, looking at these particular bills.

I have said I do not want anything I say to be interpreted as critical of the bills in themselves. They are needed.

As I indicated at the outset, I see very encouraging signs that the proposals now before this committee recognize the validity of much of what I say.

Turning first to H.R. 11620, *introduced* by Congressman O'Hara and others, sections 2 (g) and (h).

H.R. 11620 expresses precisely the need to guarantee meaningful employment opportunities for all Americans. But this requires public investment to the extent that the private sector is unable to provide such opportunities.

And I might add, it requires public investment even if private enterprise could provide such opportunities, because you have to be concerned also with the nature of the product and how it addresses itself to vital national needs. I mentioned that earlier.

And there are great unfulfilled public needs in many fields. Of course, while sections 2 (g) and (h) of H.R. 11620 mention this, and I don't claim that a manpower bill should attempt to implement it, nonetheless, it is necessary to point out that mentioning it is nice, and we have mentioned it many times before.

Title III of the bill is entitled "Public Service Employment," and is both useful and pertinent. But the authority granted to the Secretary of Labor in section 301 to contract for useful public service employment to underemployed persons touches obviously only a tiny fragment of the public employment and public investment aspects of the whole employment problem in the years ahead.

Mr. **Daniels**. Will you elaborate on that statement a little further? You say it only touches on a tiny fragment.

Mr. **Keyserling**. Because the problem of generating the proper public employment to meet our national needs cannot, under any conceivable formulation, rest with the Secretary of Labor or be within his authority.

It involves the whole Government and, above all, it involves the kind of long-range planning under the Employment Act of 1946 which has been honored mostly in the breach.

The projection of a long-range budget for jobs must be a part, if it is to be meaningful, of the projection of a long-range budget for the whole economy, and the employment act calls for this.

The employment act says that the Council of Economic Advisers shall prepare, and the President shall present to the Congress, needed levels of employment, needed levels of employment to be consistent with maximum employment, and that every policy should be related to this.

Needed levels of employment don't mean anything, just to say we need 80 million jobs by X year. You have to talk about a job budget. You have to talk about what is the overall composition of these jobs from the point of view of national needs; from the point of view of technological change; from the point of view of all the things that I have discussed.

This can't be done within the Department of Labor. The Council of Economic Advisers, the President's office, can call upon the Department of Labor for expertise in helping to formulate this, or, rather, in helping to fill in the details.

But the overall goals have to be unified, related to production; related to purchasing power; related to national policy; related to tax policy; to interest rate policy; to social security policy. We don't have any of that.

We enact a tax law, a manpower law, a social security law, and international economic program, an agriculture program. There is none of the integration and rationalization which the Employment Act saw the need of in 1946.

Mr. **Daniels.** Would you vest the authority for the administration and the operation of such a program in one particular agency of the Government?

Mr. **Keyserling.** No.

Mr. **Daniels.** Is it your contention it should be vested in various departments?

Mr. **Keyserling.** I think we always say that Government can learn from business, but we never carry it forward to specific examples.

General Motors Corp. is a well-run organization. It is not ideal in all respects. It understands, and it has benefited by, immense decentralization, not only by having several companies competing with each other, but also by great decentralization of other types.

Nonetheless, it grasps the crucial point that you do not decentralize basic policy. You do not decentralize the overall formulation of goals and their relationship. You do not decentralize decision as to how much you are going to put into advertising, as to how much you are going to put into tools, as to how much you are going to put into distribution.

This is highly centralized at the top, and that is the way you get a program.

When you get the program, you decentralize the administration and the implementation, and you leave a lot of room for play in the joints and for initiative. But you do not devolve upon all of the components the determination of a basic program.

That is an exact analogy. All of the resources of the Government, the Labor Department, and all of the other departments, need to be called upon for implementation of Federal action, even while recognizing that Federal action isn't the whole economy by any means.

They all need to be called upon, but they all need to be called upon in terms of a vigilant logic which starts somewhere, and that is what we now don't have.

I am saying that the formulation of an overall job budget and its major components, which involve national needs, which involve how much the Government is going to spend for priority programs, has to be developed at a central point, in consultation with the specialized expertise of the departments, to be sure, and then the administration and the execution can be devolved on them.

Mr. **Erlenborn.** Where would that central point be?

Mr. KEYSERLING. Under the present structure, it would have to be under the Economic Report of the President with the aid of the Council of Economic Advisers, just as the budget-making function is concentrated in the Budget Bureau.

But the trouble is that we have a highly advanced budget-making process, without recognizing that the budget is a part of the economic program and that Federal spending is one aspect of total Federal policy.

If you read the Economic Reports of the President, you will find a few things featured, maybe tax policy, money policy largely being left out; social security policy, which even in dollars is becoming as vast as was indicated by a question here, as the whole tax program, is left out. Agriculture policy is left out.

Let me give agriculture policy as an illustration of the manpower program, on which I have worn myself out as I did on the monetary problem.

Twenty-five years ago, when I was going all around talking about farm policy, I was told that the solution to the farm problem was to drive a large portion of the farmers off the farm and out of rural areas into the cities where they would all find a happy hunting ground.

I said, "Where are they going to get jobs in view of the technological trends in industry?"

"They will get jobs in the service trades."

I said, "The trends of the service trades are about the same as elsewhere."

What happened? We put millions of people off of the land and into the cities and where did they go? All the people in Watts were in the rural areas a little while ago, and all the people in Harlem were there a generation or two ago.

But now I am talking about whites as well as blacks.

Look at New York City or any big city. Where did most of them go? They went on the relief rolls, they went into the unemployment rolls, and have immensely complicated all of our urban problems.

There was nowhere, not in the Department of Agriculture, not in the Council of Economic Advisers, any long-range thinking or even short-range thinking on the distribution of our labor force in terms of relative technological trends or national needs, or where they could be absorbed.

Using that as an example, the Department of Agriculture couldn't have done that, although they should have done more of it in a way. They couldn't do it because they weren't entrusted with the whole picture, and the analogy with the Department of Labor is exact. One is agriculture, the other is industrial.

Unless you have at some central point, and my goodness, the problem of urban-rural adjustment was a big enough economic and social problem for somebody to be thinking about it, and nobody is thinking about it even now in terms of doing very much about it, one way or the other—it was a big enough problem to enter into the central point, that top point, where, comparable to General Motors or any well-run industrial concern, you think about the overall policies and put them together.

Then the Department of Agriculture, with its hundreds of thousands of employees, and its billions of dollars of expenditures, could have done its job, because it would have had some guidelines.

Mr. SCHERLE. Mr. Chairman?

Mr. DANIELS. Mr. Scherle.

Mr. SCHERLE. Mr. Keyserling, your analysis concerning the problem of agriculture really hit it right on the head.

Do you have any idea of how we can slow down this migration from rural to urban?

Mr. KEYSERLING. I have published four full-length studies on the farm problem which I would be glad to send you, beginning with "Full Prosperity in Agriculture in 1955," and the most recent was "Agriculture and the Public Interest," as late as 1965, in which I go into all of these matters.

I would be glad to let you have that.

In addition, for the benefit of this committee, I have here a draft bill which deals with the larger problem of bringing the Employment Act and our national endeavors into line with a consideration of these various matters.

This would provide the kind of foundation on which an effective manpower and training program could be deployed, because you do have to train for what and for how.

I would like to say you don't train people for jobs, you train people to jobs. A large part of the training is on the job. But in any event, job creation is not a byproduct of job training.

Job training is a response to job creation. You need both.

I have here a draft of a proposal which I would like to insert into the record, which says in the preamble to enlarge the results thus far achieved under the Employment Act of 1946, to provide for a national purposes budget under that act, and so forth, which I would like to insert into the record for your examination.

Mr. DANIELS. Without objection—is that a statement or what?

Mr. KEYSERLING. I would like this to go at the end of my statement as an appendix thereto.

Mr. DANIELS. Without objection, it is so ordered.

Would you be kind enough to furnish the subcommittee with about 15 copies of that proposal?

Mr. KEYSERLING. I will.

Let me finish, which I can very shortly, with my discussion of the details of the bill.

In Title V, still talking about the bill introduced by Congressman O'Hara and others, Section 501(a)(1) calls upon the Secretary of Labor to research and evaluate the programs created by technological progress and other changes in the structure of production and demand as these impact upon the use of the Nation's human resources.

I particularly applaud that request or mandate, as it may be. I might legitimately ask the question why the Department of Labor wouldn't have been doing this all along. That is the first thing I would do if I were Secretary of Labor, which I do not aspire to be. It is absolutely fundamental.

But what the Department of Labor can do in this respect, while important, is a mere bagatelle compared to the size and scope of this problem.

As I have said, it is the Council of Economic Advisers which needs to explore this matter thoroughly from the overall national viewpoint and to integrate a long-range job budget with the other goals, policies, and programs of the Federal Government at large.

Of course, they will first have to disengage themselves from the philosophy—I again say I have been equally critical of under Democratic and Republican Administrations—they will first have to disengage themselves from the philosophy which is now leading them to issue praise on themselves that the great American economy, the real source of our wealth, the real hope of the free world, has been brought to a complete halt and may even go a little lower, and that in this way we are going to stop inflation.

That we are now in a position as a Nation where we can be proud and happy and comforted by such a situation is almost beyond my comprehension.

But it all rests upon the idea that, after all, we have to lick inflation first.

If this policy had succeeded in licking inflation. during the last 3 years or the last month, or where we are now, I would yield my theories to the empirical observation.

But the empirical observation is all the other way, and I reviewed that so fully at the beginning that I am not going to review it again now.

Section 504(a) of the bill is to be commended for authorizing the Secretary of Labor to develop a comprehensive system of labor market information. But for reasons I have already stated, information of the jobs that exist cannot substitute for the immensely larger problem of job planning and job creation, not only quantitatively but also qualitatively in terms of the types of products and services we need.

Without this emphasis upon priorities of need, even the projection or even creation of job opportunities tend to reaffirm the past rather than to meet the needs of the future.

My comments with respect to H.R. 10908 introduced by Mr. Steiger and others, and H.R. 13472, introduced by Mr. Ayres and others, are basically the same as those I have offered with respect to H.R. 11620, introduced by Mr. O'Hara and others.

Each of these three bills has many good proposals, and I respectfully suggest that each of them may fall short of adequate attention to the larger issues I have sought to raise here today.

I may not have the technical competence to evaluate the details nor the relative merits of these three bills, nor have I had the time to do so since I received the kind invitation to offer my testimony here today.

But I am confident that the details can be straightened out and reconciled, and I hope that the most meritorious proposals contained in each of these three bills can be brought together in one measure, and gain the approval of the Congress.

I commend all of those who have participated in the sponsorship of these necessary measures, and trust that they will not be critical of my comments upon their limitations.

I am greatly heartened by the underlying purposes which compel the introduction of these measures pertaining to manpower and service, and by the prospect they offer for even wider endeavor on the part of the sponsors of these measures and the Committee on Education and Labor.

This has also prompted me to go one step further, and, as already indicated, introduce into the record a model bill which I have worked on for some time, suggesting how the Employment Act needs to be realined to fulfill its original promise.

I earnestly hope that those on the committee who are here today, its entire membership, the sponsors of the three bills now under consideration, and other Members of the Congress will find the time to examine these proposals in detail.

I think that those who do so will find it suggestive and helpful. If any Members of the Congress should later desire to implement any parts of my proposal, I shall be more than glad to make available to them such help as I can.

Thank you very much, Mr. Chairman and members of the committee, for your attention.

Mr. Daniels. Mr. Keyserling, I want to compliment you on behalf of the committee and all the members assembled here today for a most interesting and illuminating statement.

I have heard many, many witnesses during my tenure in the Congress, but your statement here today has been one of the most interesting and, you might say, informative, that I have ever had the pleasure to listen to.

I think I also speak for the other members of the committee. You have observed the rapt attention you have received from each and every one of us.

On your proposed bill, is that directed to the manpower bills that are before us?

Mr. Keyserling. No; this is something I have worked on for many years. It is, rather, pointed toward an environment in which I think the manpower training and programs, including the improvements embodied in these bills, would be given the chance they deserve, instead of being asked to perform the miraculously impossible, by moving people toward jobs and fitting them for jobs when the jobs do not exist in sufficient abundance for the manpower and training programs to work.

I started working on this model bill many years ago, so it is not related to these bills directly. But I think it would give these bills a chance to operate. I do not believe that the improvement and acceleration of manpower and training programs can have much of a chance in the current and prospective environment.

Mr. Daniels. You stated that each of the bills before us contains some meritorious proposals, and since you were invited to appear here on short notice, you did not have sufficient time to completely analyze them.

I was wondering if you could do this service for the committee: If you do find the time, could you send us your specific recommendations as to those provisions that you approve of in each bill so that this committee would have the benefit of your complete views?

Mr. Keyserling. I would be glad to try to squeeze in the time to do so. Obviously, the three bills are very similar in many respects, and are very different in some respects.

I think they are all pointed in the right direction. I have one comment now, and I will let the cards fall where they may.

I incline more, for the reasons that I have given, to a concentration of responsibility in this kind of function than to a tremendous amount of dispersion. By that I do not mean that it is not necessary and desirable to utilize State and local agencies.

But I do mean that the one thing that the country lacks, and I have tried to emphasize it in every aspect of what I have said, is a program instead of programs and a policy instead of policies.

Uniform consistent guidance by some common reconciliation, is needed. Therefore, I lean more toward those provisions of the bills, wherever they may appear, which aim more or place more emphasis upon a concentrated or unified program at the national level rather than excessive emphasis upon decentralization.

The unemployment program is nationwide. Technological trends are nationwide. It is very interesting that the Nixon administration, which on ideological grounds might have been supposed to be in favor of getting the thing back to the bottom where it came from, when faced with a hard problem, has made its most important proposal really for the nationalization of one of the most important problems we have.

This isn't because I believe the Federal Government is all wise. I wasn't in it 20 years for nothing, and I haven't been watching it since for nothing.

But I would urge one standard with respect to these bills, which is to try to make sure that there is enough emphasis upon getting a program and then devolving it to various points of administration, rather than leaving it subject to the vulnerability at the beginning of excessive diffusion in what is essentially a national problem.

As to the other details of the bills, I hope to be able, with more time, to analyze them and to furnish the committee with a memorandum on my more detailed comments on the various sections.

Mr. Daniels. Thank you.

I would like to call upon my colleague from the State of Washington, Mr. Meeds.

Mr. Meeds. Thank you, Mr. Chairman.

At the outset, Mr. Chairman and Mr. Keyserling, may I say this has been some of the most interesting and provocative testimony I have ever heard in a committee of this Congress.

I would like to commend you for it and also say that I agree with you largely in what you have said. Therein lies the problem with your testimony on this bill in my mind. May I frame it this way: I have been in the Congress now for 5 years and I have marched off on about four or five crusades with banners flying and all good intentions.

I have, I think, stirred up people to believe that we can cure the poverty problem and that we can increase our efforts in education only to find my hopes shattered and there, too, on the reef of tight money, high interest rates, and frugality in spending.

If I judge your testimony correctly, the salient portion of your testimony, it is that unless we have high employment, a manpower program may be another one of these marches off into unreality, and I will be stirring up false hopes.

I know that is a very general conclusion, but it seems to me that to enact this manpower policy and to hold out jobs to people that we can train without really having the job available—and I frankly don't see the jobs available at least during this administration—we will again be raising hopes which will be dashed, as they have in the past, by this type of policy.

Mr. Keyserling. I don't want to say anything that discourages these bills, because I think they are most worthy. But I would change what you said, where you said may we not get these unfortunate results, to the empirical observation that we have gotten them.

After all, we have had large and varied manpower training programs. The administration that came in in 1961, as some of you will recall, concentrated largely upon this for 2, 3 years before they even got to any big, massive economic program, namely, the tax reductions, which I think were wrong on many grounds, but I will not get into that here. I have intimated why.

But the manpower training programs from 1961 to 1964 didn't work. The unsatisfactory recovery, which was an automatic rebound from the recession, was conventional. It didn't carry us far enough. It didn't get unemployment down very much.

The manpower and training programs just didn't work, because too much reliance was placed on them. We didn't really learn from that, because, while we tried some other things, we have continued with a proliferation of manpower and training programs.

I studied this rather in detail in the long-range study that I made for the District of Columbia, for a 10-year program for Washington, D.C., and the number of the manpower and training programs is just—I can only use the word "shocking."

That doesn't mean I don't like these bills. I like them, because it would bring the efforts more together.

You mentioned the war on poverty. Sure, it wasn't adequately funded, but that wasn't the big trouble. The big trouble was the very thing I said, and I objected to it from the beginning.

Instead of stopping to think how can we get one unified strategic program limited to two or three big things, we experimented with thousands of programs, many of them conflicting, on the ground that the main reason the people were poor was something was wrong with them, and they had to be manicured.

So we had myriads of programs all over the country, conflicting with one another.

Certainly, they have increased disillusion.

The analogy I am making to what you said is right. This doesn't mean that a great nation should abandon or reject the idea of getting rid of poverty, but let us do some thinking. Let us pull the thing together.

Here, again, poverty isn't one isolated little thing, like stopping speeding. It runs across every economic program in the Nation.

A program to get rid of poverty or to reduce it should be an essential, integral, and maybe the most important part of the Economic Reports of the President, because what is more important, and what would do more to solve the unemployment problem and the technological problem, than to bring the 60 million American people who are either poor or deprived up to an American standard of consumption.

You don't do that through an Office of Economic Opportunity. You do that through taxation, money policy, employment policy, a whole range of policies.

And yet this broad approach was left out, although it is more important than the few things that are treated in the central economic program of the Government.

So the poverty program, to which you referred, is a very good example of what I am talking about on manpower and manpower training, the need for creating a base or an overall foundation on which a manpower and training program may be sensibly superimposed.

Mr. MEEDS. And to the extent of these bills, because I think all of them seek coordination under the Secretary of Labor for this type of program, you would suggest that they would be valuable?

Mr. KEYSERLING. Very much so, but I think it must be carried one step further, in order to assume what the Secretary of Labor does under a larger coordination which gives him guidelines for manpower and training in terms of what the Nation is trying to do.

Mr. MEEDS. What happens if we proceed and enact this and again, it seems to me, raise the hopes of people, and we continue to have not only the present rate of unemployment but an increasing rate of unemployment.

Mr. KEYSERLING. I could not in good conscience advise this committee, or the sponsors of these measures, to stop something that is desirable because other things need to be done. Progress comes step by step.

We should never surrender to the idea that we stop trying to do things because they may be disappointing, which some people want to do with the war against poverty and so forth and so on, on the alleged ground that it is just too big a thing to tackle. I don't think we should ever do that.

I think we have to go ahead with things that are intrinsically worthwhile, but make them more worthwhile by recognizing their need for support from other sources.

Mr. MEEDS. And indicate clearly that this is not a cure-all, and that the real success of this type of legislation lies in full employment.

Mr. KEYSERLING. I think that is essential.

Mr. MEEDS. Thank you very much.

Mr. DANIELS. I would like to call upon the author of one of the bills, the gentleman from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I am going to pass asking Mr. Keyserling any questions at this point, frankly because I want to take more time to read his statement, and also to review the bill he has submitted.

You have been very helpful. It has been fascinating to have the chance to listen to you.

I appreciate your comments on the bills, and most importantly, though I may not entirely agree with you, I respect your view in terms of what manpower cannot do. There is no question in my mind about that at all.

You have been very fine to come here this morning, and I appreciate it.

Thank you, Mr. Chairman.

Mr. DANIELS. The gentleman from California, Mr. Burton.

Mr. BURTON. I would like to join my colleagues in thanking you for coming here today, Mr. Keyserling. I had to wonder during the course of your testimony whether or not you were being paid a handsome fee. It obviously takes a good deal of work to put something like this together.

A selfless contribution such as you have made in preparing this testimony and giving us the benefit of your experience and background helps make this process work a little better.

Mr. **Keyserling.** Since you have made the point, every bit of the work that has gone into this text and into these charts is my own expenditure.

I am paid no fee by anybody for doing any of it.

Mr. **Burton.** My point was I wondered whether this committee was paying you a fee to make up for part of the great deal of time you must have spent in putting this together.

Mr. **Keyserling.** No. In fact, the time I have left in my office to make a living, by the time I get through responding to invitations in the public service, is seriously reduced. A week or two from now I am going before the House Banking and Currency Committee, on the money and housing problem.

Mr. **Daniels.** Again, Mr. Keyserling, I express to you the thanks of the committee.

Mr. **Keyserling.** Thank you very much, Mr. Chairman and members.

(The bill referred to follows:)

A BILL To enlarge the results thus far achieved under the Employment Act of 1946; to provide for a National Purposes Budget under that Act to help devote a sufficient portion of our growing economic production toward the priorities of social and human well-being, including eradication of poverty and freedom from want; and for related purposes

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "National Purposes Act of 1968."

DECLARATION OF POLICY

Sec. 2. (a) The Employment Act of 1946 has contributed greatly to economic stability and growth. But chronic unemployment among vulnerable groups has remained too high for many years, and this problem will be augmented further by technological change. The long-term rate of economic growth has not been sufficiently high to maintain maximum utilization of growing productive resources, which is essential in view of heavy and growing domestic and international obligations. Measurements of economic progress have concentrated relatively too heavily upon rising indices of production and employment, without sufficient attention to the quality of American life insofar as it is affected by the allocation and use of economic resources. An insufficient portion of economic growth has been devoted toward the priority public interest in improvement of the urban environment, satisfactory housing and educational and health facilities and services for all at costs within their means, modernized systems of social security and welfare, adequate development of transportation and natural resources including purification of airs and waters, movement toward parity of incomes and public services in agriculture and other rural areas, and reduction of poverty and deprivation at the rapid pace which our resources permit. Inadequate attention to these great national priorities obviously impedes long-range economic growth and opportunity, and has spawned a rising tide of juvenile delinquency, crime, and racial tensions.

(b) It is hereby declared to be the policy of the Congress to develop additional directives and machinery, under the Employment Act of 1946, so that national economic programs and policies shall be broadened to encourage more effectively not only the growth of production and employment, but also use of sufficient portions of this growth to serve those priorities of social and human purposes which depend upon allocation and use of economic resources.

NATIONAL PURPOSES BUDGET

Sec. 3. Section 3 of the Employment Act of 1946 is amended by adding new paragraphs (d), (e), and (f) as follows:

"(d) The needed maximum levels of employment, production, and purchasing power shall be quantified as goals in a National Purposes Budget (hereinafter

called the "Purposes Budget") in the Economic Report. This Purposes Budget shall be developed on a short-range basis looking one year ahead, and on a long-range basis looking at least five years ahead, and ten years ahead insofar as feasible. The needed maximum employment goals shall be set at levels consistent with unemployment of not more than 3 percent of the civilian labor force beginning within one year after the first Economic Report transmitted subsequent to enactment of the National Purposes Act of 1968. The needed maximum production goals shall be set at levels estimated to be yielded by maximum employment (commensurate with genuine freedom of choice between employment and leisure) and by maximum productivity under conditions reflecting optimum utilization of scientific knowledge, technological improvements, labor force, and managerial ability, and shall take account of the long-term trend toward accelerating productivity gains in a favorable economic environment. The needed maximum purchasing power goals shall be set at levels estimated to be necessary to maintain maximum employment and production, but not so high as to generate the type of inflationary pressure which results from excessive purchasing power.

"(e) The goals set forth in paragraph (d) of this section shall also contain estimates of needed levels of voluntary private investment to establish an adequate base in support of maximum employment and production, so that public policies and programs may encourage and facilitate such levels of private investment, and help to remove bottlenecks working against their attainment.

"(f) The goals for maximum employment, production, and purchasing power shall indicate what portions of the totals should be allocated toward the great priorities of our nationwide needs. The Purposes Budget shall contain—

"(1) specific goals for investment in urban renewal, housing in urban and other areas, and educational and health facilities and personnel, designed to assure within a decade a decent home for every American family in a greatly improved living environment, educational opportunity for all in line with their abilities and ambitions at costs within their means; and modern medical care for all at costs within their means;

"(2) specific goals for investment in mass transportation and basic natural resource development, reclamation, and conservation, with accent upon problems of water and air, to provide an adequate underpinning for maximum private economic expansion, and to overcome within decade the serious quantitative and qualitative deficiencies in these sectors;

"(3) specific goals for the virtual liquidation of poverty within the United States within a decade, and for substantial income progress year by year for those who live above poverty but in deprivation nonetheless with incomes insufficient to yield a minimum adequacy standard of living. Model budgets of the incomes required by families and unattached individuals to rise above poverty, and also to achieve a minimum adequacy standard of living, shall be set forth in terms of the great and ever-increasing productive power of the U.S. economy. Estimates shall be set forth as to the benefits to the entire economy and people which will result from lifting the third of a nation who are poor or deprived toward acceptable standards of income and consumption;

"(4) specific goals for lifting all of our senior citizens and their dependents out of poverty within five years, and year by year bringing those of our senior citizens living in deprivation closer to a minimum adequacy standard of living, and compatible goals for those dependent upon other types of welfare payments;

"(5) specific goals for maximum prosperity for agriculture, as a factor in maximum prosperity for others. These goals shall take into account (a) maximum production of foods and fibers, geared to the needs of the domestic economy operating at maximum levels, adequate reserves, and export levels consistent with progressive use of our farm products in aid of underdeveloped peoples overseas, (b) maximum employment for farmers, in terms of the requirements for maximum production, and reconciled with maximum employment opportunity elsewhere in the economy for those who voluntarily leave the farm, (c) maximum purchasing power for farm families, which shall mean purchasing power moving year by year toward full parity of income for farm families within a decade, and (d) nationwide equalization efforts, designed to promote parity between public services in rural areas and in other areas; and

"(6) specific goals for investment in basic science and research, to promote maximum private economic progress, and in aid of the other objectives set forth in the Purposes Budget,

Provided, that the goals set forth in paragraphs (1) through (6) of this subsection (f) shall be reconciled with (i) specific estimates, insofar as feasible, of future requirements for national defense and related activities such as space exploration, and (ii) specific goals for outlays for international economic cooperation, especially with the underdeveloped peoples, consistent with the fundamental purposes of our international policies to promote worldwide economic and social progress as a prime condition of worldwide peace."

DIRECT RESPONSIBILITIES OF THE FEDERAL GOVERNMENT

SEC. 4. The Employment Act of 1946 is amended by inserting after Section 3 thereof, as herein amended, a new Section 4 as follows:

"SEC. 4. (a) The goals designated in paragraph (f) of Section 3 shall be developed in the Purposes Budget only in such broad perspective as will serve to portray how the use of our economic resources may take due account of priority needs, and not in such detail as these goals may need to be developed by other specialized agencies. Within this broad perspective, the Economic Report shall set forth programs and policies to promote an economic environment in which private industry, voluntary associations, and State and local governments are encouraged and facilitated to do as much as they can toward achieving the goals set forth in the Purposes Budget. Insofar as estimates in the Economic Report indicate that activities at these levels will fall substantially short of achieving these goals, programs and policies shall be set forth whereby the Federal Government itself, within the limits of our national resources and within a system of free, competitive enterprise, shall promote full achievement of these goals.

"(b) Maximum employment opportunity represents bedrock civilized responsibility. The Economic Report shall set forth such Federal programs and policies both direct and indirect, including relevant programs of training and guidance, as are needed to close any substantial gap between actual and maximum employment. These programs and policies shall stress types of employment which are noncompetitive with private enterprise, and which help to service the priorities set forth in the Purposes Budget.

"(c) The Economic Report shall contain recommendations pointed toward developing and financing, as soon as feasible, some form of effective nationwide income floor to provide an income above the poverty level, and moving gradually toward a minimum adequacy standard of living, for all consumer units which cannot be helped to achieve these goals through gainful employment at acceptable standards of compensation. This nationwide income floor shall be designed to substitute gradually for some aspects of the wide array of inadquate welfare programs now in use, and to reinforce, to the extent needed, some of the established programs of social insurance and welfare, including income programs and programs related to training and other aspects of personal adaption.

"(d) The Economic Report shall contain, as an integral part thereof, the essential features of the Federal Budget, both on a short-range and a long-range basis. Outlays in the Federal Budget are basically to serve national needs which cannot otherwise be served, or served so well. Federal spending shall be used primarily, not to speed up or slow down the economy, but rather to allocate to public purposes that portion of maximum employment and production which is essential, in combination with the efforts of those other than the Federal Government, to achieve the priority goals set forth in the Purposes Budget and to meet other obligations imposed upon the Federal Budget. With approriate allowance for these other obligations, including national defense and related purposes, the Economic Report shall be guided by the principle, insofar as feasible, that proposed outlays in the Federal Budget for the domestic priorities set forth in the Purposes Budget shall rise gradually year by year to about 30 percent of the total Federal Budget, and to about 4 percent of estimated gross national production, in the Federal Budget proposed ten years after the first Federal Budget submitted after enactment of the National Purposes Act of 1968. Despite this gradual restructuring of priorities in the Federal Budget, the objective shall be to hold total Federal Budget outlays during these ten years to an average annual ratio to total national production not higher than the average annual ratio during the ten years preceding the first Federal Budget submitted after enactment of the National Purposes Act of 1968.

"(e) Having determined the spending side of the Federal Budget in accord with the above national needs, fiscal policy directed toward economic stabilization shall rely primarily upon tax policy. Under conditions of maximum employment and production, tax policy shall be at least stringent enough to balance the Federal Budget, in order to serve as a brake upon inflation. Under conditions of substantial economic slack, the Federal deficit should be of sufficient size to avoid a fiscal drag upon the national economy. The tax policies set forth in the Economic Report shall also take account of the impact of the tax burden and its distribution upon equity in the imposition of the tax burden (with stress upon the objective set forth in Section 3(f)(3) bearing upon the reduction of poverty and deprivation), economic growth, and maintenance of reasonable price stability.

"(f) The essentials of the Federal Budget set forth in the Economic Report shall indicate the true economic consequences of the Federal Budget, with special emphasis upon the distinction between capital expenditures which add to the wealth and human well-being of the country and other expenditures.

"(g) Each January Economic Report shall contain a separate and independent statement of the Board of Governors of the Federal Reserve System setting forth its intentions for the year ahead with respect to monetary policies under its control or supervision. The Board of Governors shall explain fully how these intended policies (subject to variation in the event of changed economic circumstances) will facilitate the purposes of the Employment Act of 1946 and the goals set forth in said Economic Report. If the President feels that these policies run counter to these purposes and goals, he shall so state in the Economic Report and propose policies to the Congress accordingly."

COMBATING INFLATION

SEC. 5. The Employment Act of 1946 is amended by inserting, after the new Section 4 provided herein, a new Section 5 as follows:

"SEC. 5. In addition to utilizing the Federal Budget as indicated in Section 4 to combat inflation, the President shall state in the Economic Report whether he finds that any serious conflict might result between the goals set forth in the Purposes Budget and maintenance of reasonable price stability. If any such conflict is indicated, the President shall propose policies and programs whereby tax and other policies may be utilized to restrain activities of lesser importance, rather than to sacrifice these of high priority. To the extent that this is not fully practical, the President shall state explicitly the extent to which a choice is being made between the full attainment of the objectives set forth in the Purposes Budget and the objective of reasonable price stability, and he shall justify this choice in terms of the national interest as a whole."

ECONOMY IN GOVERNMENT

SEC. 6. The Employment Act of 1946 is amended by inserting, after the new Section 5 provided herein, a new Section 6 as follows:

"SEC. 6. The Purposes Budget, by facilitating a more comprehensive and consistent portrayal of national economic developments, objectives, programs, and policies, should provide an improved perspective for public understanding and for the mutual efforts of responsible free enterprise and responsible free government in line with the purposes of the Employment Act of 1946 and the Economic Reports, including encouragement of a system of free, competitive enterprise. This improved perspective should help to maximize the efforts of private enterprise and of State and local governments, and should help also to check the undue proliferation of policies and programs at the Federal level, to reduce cross purposes and duplication, and thus to promote true economy in government. The Economic Report shall contain an account of efforts being made in this direction."

NATIONAL ECONOMIC ADVISORY COUNCIL

SEC. 7. Section 4 of Employment Act of 1946 is amended by adding new paragraphs (g) and (h) as follows:

"(g) There is thereby established a National Economic Advisory Council (hereinafter referred to as the "Advisory Council"). The Advisory Council shall have two main functions: (i) to serve in a consultative relationship to the President and to the Council of Economic Advisers in the development of the

Economic Report, and especially the National Purposes Budget, and (ii) to maintain a two-way line of contact between the President and the Council of Economic Advisers and these others throughout the Nation whose decisions importantly affect the performance and purposes of the national economy, in order that the views of these others may be more effectively available to the President and to the Council of Economic Advisers, and in order that the maximum participation of these others in achieving the goals set forth in the Economic Report may be encouraged in all practical ways. The Advisory Council shall consist of twenty members to be appointed by the President from among representatives of industry, agriculture, labor, consumers, public interest groups, and State and local governments. Individuals prominent in education or other walks of life may be included. Members of the Advisory Council shall serve for terms of two years, except for the unexpired terms of their predecessors. One of the members shall be designated by the President as Chairman. Members of the Advisory Council shall be entitled, while attending its meetings, to receive compensation at a rate to be fixed by the President, but not exceeding $75 per diem, including travel time and, while away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence as authorized by law for persons in the Government service employed intermittently. The Chairman of the Council of Economic Advisers shall furnish the Advisory Council with such personnel, facilities, and services as may be necessary to enable it to perform its functions.

"(h) The President shall arrange for annual National Economic Conferences, to be attended by the Council of Economic Advisers, the Advisory Council, invited representatives of private enterprise, voluntary associations, and Federal, State, and local governments, and others whose attendance the President may deem desirable. The purpose of the annual National Economic Conferences shall be to enlarge further the opportunities for obtaining advice, broadening understanding, and facilitating cooperation toward achieving the goals set forth in the Employment Act of 1946. Those attending such conferences, other than Federal employees located in Washington, D.C., shall be entitled to receive compensation and travel expenses, on the same basis as members of the Advisory Council. The Council of Economic Advisers shall provide necessary assistance toward the organization and conduct of the annual National Economic Conferences."

SEC. 8. Sections 4 and 5 of the original Employment Act of 1946 are hereby renumbered Sections 7 and 8.

SEC. 9. The Employment Act of 1946 is amended by adding a new Section 9 as follows:

"SEC. 9. Wherever the terms 'maximum employment, production, and purchasing power,' 'economic,' 'economic program,' 'economic policy,' 'economic developments,' and 'economic trends' (or their equivalents) appear in this Act, they shall be construed in accord with the broader purposes of economic policies and programs set forth in amendments to this Act enacted in the National Purposes Act of 1968."

Mr. DANIELS. Our next witness is Dr. Paul A. Weinstein, executive assistant to the Governor of the State of Maryland, accompanied by Gerard F. Devlin, my former legislative aide, a very able and valuable assistant whose services I was sorry to lose.

STATEMENT OF DR. PAUL A. WEINSTEIN, EXECUTIVE ASSISTANT TO THE GOVERNOR OF THE STATE OF MARYLAND FOR MANPOWER; ACCOMPANIED BY GERARD F. DEVLIN, NATIONAL RELATIONS OFFICER FOR THE STATE OF MARYLAND

Mr. DEVLIN. Thank you very much, Mr. Chairman.

It is a great privilege to be here representing Governor Mandel of Maryland before your committee, Mr. Chairman.

I would like to present to you Dr. Paul Weinstein, executive assistant to the Governor.

Mr. WEINSTEIN. Mr. Chairman, I will paraphrase the written statement I have given to the committee.

(The document referred to follows:)

TESTIMONY OF DR. PAUL A. WEINSTEIN

No Manpower Act that does not insure full employment can be significant. The most sophisticated planned and executed manpower delivery system is doomed if the aggregate level of unemployment is expanding. JOB'S '70, MDTA, Job Corps W.I.N. and etc., will be of scant value if firms are laying off their regular workforce.

A full employment policy without a well defined delivery system is wasteful of funds, skilled resources and worse—it only adds to the history of despair of those the programs are trying to help.

A Comprehensive Manpower Bill should try to meet both these goals.

The State of Maryland is moving toward a comprehensive Manpower Planning and Delivery System. While it is implied that the Manpower Bills—particularly the Administration Bills (H.R. 13472)—are Comprehensive proposals, they are not. Representing a State that is pursuing a comprehensive program I have to conclude that the Bills rather than liberating States may restrict them. It may be that some states will be pulled up in performance, but Maryland—with her own real problems of: migratory labor in the Eastern Shore along with labor shortage, a large, poor Black population in Baltimore, an old Port City surrounded by substantially white counties with strong executive governments, one County part of the Wilmington SMSA and two captured in the Washington SMSA—and under a different manpower administration from the rest of the state and Appalachia will be restrained.

Maryland is not Utah, the State upheld as a paragon for all states planning. This is a plea for allowing the State to experiment in Manpower subject to minimum guidelines. It is also a plea for giving States and regional offices the authority and resources to Act effectively.

The modest contribution we can make to this discussion is tempered by our experience. Our concern is that "the past may be prologue."

Governor Marvin Mandel takes a strong interest in manpower programs within the State of Maryland. As a member of the Commission recommending executive reorganization and now as the Governor, he has shown deep concern for the lack of coordination, waste and ineffectiveness in manpower programs at the state and local level. To end that problem he assigned me as the State CAMPS Chairman and his Executive Assistant on Manpower to head a Task Force on establishing an umbrella manpower and social agency within the state. A Bill to establish a Department of Employment and Social Services will be introduced to the Legislature now in session. The Department would include the Maryland Department of Employment Security which includes both the Unemployment Compensation and the Employment Services, Vocational Rehabilitation, Migratory Labor, State OEO, Veteran's Programs, Commission on the Aging, Apprenticeship Training, Committee on the Handicapped, Social Services, Advisory Council on Child Welfare, Labor and Industry, Workmen's Compensation, Injured Workers Rehabilitation Committee, Commission to Review Workmen's Compensation Laws, Occupational Health and Safety Advisory Board.

To make the Manpower system more effective, even in the absence of an umbrella agency, the CAMPS program of the State has been expanded significantly. For example, as early as last March membership in the State CAMPS was opened to various private sector organizations, such as, churches, trade unions, and civic groups involved in manpower activities. At the direction of the Governor, CAMPS was moved into the Executive and we developed better communication with elected officials in the subdivisions. We know that the manpower and social service job is substantially performed at the local level and unless local elected officials are involved, substantive cooperation of traditional agencies at the local as well as the state level is fanciful.

In developing a coherent manpower planning system we are establishing a new data system within the State to augment the data provided by the Employment Service, Department of Education, etc., and required in the CAMPS and Vocational Education planning cycles. Much of the data generated is of no substantive use in planning. We seek material to support decision makers in short and longrun planning. Maryland is also working on an evaluation schema to give added dimension to planning. In the late summer the State CAMPS committee hired a person whose dominant responsibility is to evaluate the CAMPS plan and overall performance. It was evident that although plans have been manufactured for the last two years there has been no attempt to examine the results of the plan or for that matter explicit criteria for an evaluation.

I relate this in an attempt to indicate that the State of Maryland is not laggard in the manpower field but is, in fact, pushing as far ahead as the States of Utah and Colorado, which are invariably considered the great leader states. I must add that in the comprehensiveness of planning and coordination those states do not have the hard problems that we face in the State of Maryland.

As a result of the economic, political and demographic configurations we must develop a planning system which is consistent with the realities of the Maryland's social, economic and political setting. I point this out because I believe that considerable flexibility must be given states in elaborating the structure of their own manpower systems. We cannot readily accept any substantive formula or artifact that may be put on us.

This will be evident in an analysis of one or two planning processes and problems that Maryland has had. They also point up the underlying basis for my concerns about any and all of the proposed manpower bills.

The planning cycle and programs for manpower purposes must be consistent to the budgetary and executive processes within states and subdivisions. In preparing a State plan last year, which we are obliged to submit to the Federal government, we received the planning guidelines at a time when the Legislature was midway through its session and after the State budget had already been locked up. There was little flexibility for planning purposes. In fact, the plan was not a planning document but merely a summary and description of what was going on within the State. It could not have affected, and we doubt it did affect, any decision by any decisionmaking unit—federal, state or local. I must emphasize that the Federal government requires a great many hours be spent in preparing a plan. But it is difficult to get cooperation for planning purposes unless there is demonstrative proof that the effort is going to result in something useful.

Last year, the plan required by the federal government was in two parts, the final submission for Part A, which was to elaborate our needs, was accepted in June; and Part B, which is supposedly based upon the allocation of funds to the State and within the State, was prepared in the summer, and at this time, we have received no approval of Part B and, I need not point out to you that the fiscal year is almost over. The lesson of the year is clear—in order to establish planning one must be able to convince the parties involved that their planning efforts are going to affect decision making; if they are not, then you cannot have effective planning.

This points up a difficulty which became explicit in a meeting of the State CAMPS Officials committee of Region III attended by the Regional Manpower Administrator. A Labor Department survey sought to identify the difficulties in the CAMPS planning process and suggest remedies. I questioned whether there existed or was going to be a Regional or National CAMPS plan. That is, the focus of the planning process is to develop plans and needs at the local level and work up global needs of the country based upon the plans from local units. We were told that there was no Regional or National CAMPS plan and that the State planning instrument was for our purposes and not for federal purposes. If that is the case, then I must argue that the State should themselves decide how their planning apparatus should develop.

In any event, I believe that we must have planning which will effect national goals and guidelines, that manpower planning cannot be statebound. At this point in our history, it is late to point out that the state is strongly affected by and has its imprint upon the national economy. The national goals should not be alien to ours nor can our system operate out of joint with the national.

The actual development of planning must be done with the recognition of the individual state and local communities' ability to plan. Maryland is now trying to establish its own priorities and needs and the system best able to effectuate these in terms of policy. For example, Maryland is developing Comprehensive programs for: Veterans, Offenders, Handicapped, and the Aging.

We are also providing initiatives into a new Job Corps program—with State financial involvement. One of the more interesting developments is in linking state government employment and manpower programs.

Maryland is concerned about the planning mechanism and the implementation of programs below the state level. We strongly advocate regionalism in the State of Maryland and are trying to establish regions that will be supported by local Government. If local Government does not support the regional configurations then regionalism will become a mere legal formalism not a device to effect policy.

We have two metropolitan areas in the State of Maryland, one is Baltimore City surrounded by five counties. There is a good deal of rivalry as one suspects between the central city and counties around the city. It is unreasonable to suppose that the control of activities can or should be exclusively in the hands of the Mayor of the central city. State Government cannot force down the throats of strong county executives, both democrats and republicans, the notion that the Mayor of a central city be the Prime Sponsor and therefore the office to determine the allocation of funds and the course of program development.

I can put this on a canvas that is clear to all in the Washington area and on an issue upon which the State of Maryland is resolved. The Washington metropolitan area includes the City of Washington, the Maryland counties of Montgomery and Prince George's and the Virginia counties of Fairfax, and Arlington with the City of Alexandria. Last year the Labor Department attempted to establish Community Program Areas (C.P.A.) under the Community Work Training Program (C.W.T.P.) system. Each C.P.A. was to have a prime sponsor. The State of Maryland's two counties are not considered in the Region III for manpower funding purposes, but are under the authority of the District of Columbia Regional Manpower Administrator. It was the recommendation of the Regional Manpower Administrator that the United Planning Organization, of Washington, be named the prime sponsor and responsible for funding. This was unacceptable to the Community Action Agencies and local governments and private organizations within Montgomery and Prince George's counties, as well as the jurisdictions in Virginia. The Labor Department persisted and argued that it didn't make any difference who was named prime sponsor, because the Regional Manpower Administrator from the District would determine the allocation and justice would be meted out by the Labor Department Officer. I might add that that Officer also happens to be the Manpower Administrator for the City of Washington. Is this the sort of regionalism and local responsibility that we may expect in the future under the administration manpower bill or the attention that Labor would give under the O'Hara Bill?

Prince George's county next to the City of Washington has manpower problems and programs which are almost as complex as the District. We have a model cities area trying to meet some of the local manpower problems. But, the Department of Transportation has routed a special transportation project so that bus lines connect the innercity of Washington to employment centers in Prince George's. These lines skirt the Prince George's model cities area. Last summer, the District got an inordinately high number of Neighborhood Youth Corps slots, approximately 1500, while Prince George's and Montgomery counties received fewer than 100. What equity can we expect in a Community Program Area as outlined in the Administration's Manpower Bill?

I spoke to the Regional Manpower Administrator and the National Manpower Administrator, recommending that we must look to a Council on Governments, like the District of Columbia's COG, as Prime Sponsor to meet the regional manpower programs. I was informed that the Mayor of the Central City would have a veto on organization. Such a veto is unacceptable to the people in the two counties, to the Senators from the State of Maryland and to the Governor of Maryland. We must be concerned with the poor, the unemployed and the underemployed of Prince George's county who are as poor and as underemployed and as hungry as the people in the District.

This suggests that communities establish mechanisms for handling their regional problems. And that implies that they may decide that some problems are not quite as regional as outsiders may imagine. We have developed a two-county CAMPS planning area in Montgomery and Prince George's, but we are still encouraging the counties to operate independently on those problems which are exclusively within their county. Even though these two counties are part of the Washington metropolitan area and are next to each other and part of the same state, their problems are very different and we must recognize and be responsive to these differences.

I would be less than candid if I did not point out that any administrative rule or law which places the fate of a county such as Prince George's or Montgomery subservient to that of the District would be unacceptable. We urge that if a version of the Administration Bill is recommended that a special provision be inserted for a comprehensive sponsor in the Washington SMSA.

An open question exists on the breaking up of power and authority—passing it down to state, regional and local instrumentalities. First, despite the claim that regional offices are to be the point of contact for states, the regional offices have not been supported. Consequently, there is a lack of authority and resources to carry out the job at the lower level. Second, recent guidelines on C.E.P., Neighborhood Youth Corps and JOBS constrict discretion and stifle initiative.

Local discretion is further hampered by the categorization of funds and the proliferation of manpower across agencies. Categorization is deep in the Public Service Careers program and the funding controlled by the states will not affect the WIN program, other juvenile care activities, education or transportation.

Maryland is not alone in being skeptical about the federal government turning control over to the states—in fact, the main federal department has not turned control over to their own regional offices.

The situation is analogous to a cooking class where the instructor stands over his pupil with spoons in hand and with his own assortment of condiments telling the pupil what he must do, when he must add the ingredients and, in fact, one frequently finds the teacher's hand in the stew and not the pupil's. There are only two things lacking, the teacher never starts off by telling the student what he is going to make and never tastes the results.

I believe that the basic goals of the administration bill would try to move in that direction, and I believe that is appropriate but I believe that there are difficulties which must be resolved in defining goals, in setting realistic standards, and in bringing together *all* of the appropriate arms of the federal government.

We need a comprehensive system that *must* involve agencies such as the Department of Transportation, HEW, and HUD. Without these organizations the work of manpower planning at the local level turns out to be a sham. I have requested that the DOT be a signatory to CAMPS, because whether the problem is getting people to jobs or mothers to day care centers under the WIN program, the manpower effort is doomed if we don't have the transportation and now transportation is not considered a component of manpower. At the Federal level, there is a good deal of disorganization. The Administration bill demands that the state should organize all its resources tightly. I cannot deny that is good advice, but I would strongly urge Congress to examine the manpower throughout the Federal System and tighten up at the top.

In my discussions with officials in the Labor Department, I have discussed the relationship between the umbrella agency suggested in the administration bill and the Advisory Council. Referring to the earlier part of my testimony, it was stated that the State of Maryland is moving toward setting up an umbrella agency and the State of Maryland has an Advisory Council now constituted in the way that the Administration Bill recommends; not only that, we have organizations at the local level which are of the type that the Administration says are necessary to get into that two-thirds category for the control of funding. I object, however, to the notion that we must have a manpower program planning council outside of the umbrella agency. We know that one of the scarcest resources in the manpower field are people capable of planning for manpower. If the Labor Department is to fund an independent planning organization outside of an umbrella agency and that is indicated, then we would have two planning authorities in manpower in the State and neither one will be effective.

I believe that the Congress is interested, as is the State of Maryland, in organizing manpower services so that our delivery is consistent, is controlled and is efficient. How we will organize this must take into account the effectiveness that each state has already demonstrated.

CONCLUSIONS

The State of Maryland is committed to statewide consolidated manpower planning under a cabinet system of government. We support the organization and control of local elected governments; therefore,

1. The goals of the O'Hara Bill (H.R. 11620) are comprehensive and superior to the others. The demand for full employment is *the* necessary condition for any manpower program. Unfortunately, a delivery system is lacking, and we believe that one must be developed. Our experience dictates that states need more control and that the manpower job will be better done with local organization.

The development of Public Service Jobs is long overdue. Maryland has already indicated a strong interest in the Public Service Careers Program. However, the bill as drafted would currently exclude our state. The complexities of merit laws and employer organization need to be considered in effectively administering a public sector program.

Jobs in the public sector can be made cost effective, but this will require considerable research and instruction to personnel officers. Fortunately, last-resort hiring is giving way to a very simple economic tenet—use those resources which are in ready supply at low cost.

The Steiger Bill (H.R. 10908) is correct in developing a positive role for State Government. It legalizes CAMPS and gives the Governor "Clout". It does not go far enough in spelling out the State structure—and particularly in guaranteeing safeguards to Metropolitan areas.

I applaud the incentive system included, and believe it superior to the administration's. I would hope you would consider developing an incentive for local prime sponsors.

The Administration Bill gets at most of the problems in the Steiger bill—but as I indicated above—a bit too strongly.

It needs administrative flexibility.

It needs financial support to be more than a paper Tiger.

It needs the willingness of the traditional Departments to work closely with states and acknowledge that we have something to offer.[1]

We recognize that standards must be set—but these should be minimal—based upon the clearly defined intent of manpower planning.

Out of frustration, I organized the Mid-Atlantic States into a Confederation. We CAMPS Directors meet quarterly to discuss our mutual problems. We have some useful contributions to make in determining goals and in procedure. The Labor Department should take advantage of this resource—and I urge that the Bill formalize a National organization of State CAMPS Directors. It would be a valuable clearinghouse.

We are fortunate in being responsible for planning and manpower in a State which has a Governor with such interests, and I believe that following the historic traditions of our Country that such a Governor in such a State should be allowed flexibility to develop its own patterns and practices—but even this will be for nought in a faltering economy.

BIOGRAPHICAL DATA OF PAUL A. WEINSTEIN

Born: January 20, 1933, Brooklyn, New York.

Executive Assistant to the Governor for Labor Relations and Manpower, State CAMPS Chairman.

Education: College of William and Mary, B.A., 1954; Northwestern University, M.A., 1958; Ph. D., 1961.

Teaching and Research Positions:

1961–62: Senior Economist, Regional Economic Study, Pittsburgh Regional Planning Association.

1962–65: Assistant Professor, Department of Economics, Columbia University, New York, N.Y.

1964——: Director, Military Training Study, Columbia University, New York, N.Y.; University of Maryland, College Park, Maryland.

1965——: Associate Professor, Department of Economics, University of Maryland, College Park, Maryland.

Consulting:

1963: Committee for Economic Development.

1966: Deputy Under Secretary of the Navy for Manpower.

1966–69: Advisor on Manpower to Robert R. Nathan and Associates.

1968–69: Member, Governor's Task Force on Government-Labor Relations (State of Maryland).

1969- : Executive Assistant to Governor.

Recent Publications:

"Occupational Crossover and Universal Military Training," *The Draft*, Ed. Sol Tax, University of Chicago Press, 1967.

"The Economics of Alternative Uniform Military Procurement Policies," with William B. Clatanoff, Jr., *The Forensic Quarterly*, 1968.

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[1] H.R. 13472 calls for compatible job banks. This is an impediment in Maryland's establishing a comprehensive manpower data system.

"The Military as a Trainer: A Study of Problems in Measuring Crossover," with Eugene L. Jurkowitz, Proceedings of the Industrial Relations Research Association and American Statistical Association Meetings, 1967.

"Final Report—Labor Market Activity of Veterans: Some Aspects of Military Spillover," Dr. Paul A. Weinstein, Director, 1969.

Miscellaneous Research:

"Systems of Wage Determination," Paper prepared for the Director of the Office of Civilian Manpower Management, Department of Defense, 1968.

"Manpower Projections for the Civilian Workforce," Paper prepared for the Director of the Office of Civilian Manpower Management, Department of Defense, 1967.

Mr. WEINSTEIN. The State of Maryland is in ~~the~~ process of establishing a comprehensive manpower planning and delivery system, and it is on that matrix that I want to discuss the three bills and what I think might be significant for developing a national policy.

If one wants to define comprehensiveness, I would echo the comments of Mr. Keyserling. Two things are obviously in order.

First of all, that the bill have a guarantee of full employment, and it should provide rising expectations of full employment over some protracted period, or else the manpower program will mean nothing for the person on the street.

Most important, at the end of a program a man needs to have a guarantee of employment or the program is worthless.

The experience in the past of the Job Corps is illustrative of some of the difficulties that we have had. In some cases young men, and women, 16 to 21, from ghetto environments are shipped across the country, and trained in skills which may be totally unrelated to what may be developed in their own economies. They are then sent home without any guarantee of employment at all and, in a sense, many of them have been lost. Many of them have been lost within the first 30 days. This is one of the statistics one looks for in a Job Corps operation.

The disadvantaged, particularly the younger person, has a very real problem because he has had his whole background and life still affected by shortsightedness.

So to put them into a long-run program with the hope that they are going to get some job maybe months or even years from then is not very effective.

So we have a very high dropout rate, a very high AWOL rate, in many of these programs.

We need to be able to have some type of employment available and ready. Hopefully, we can actually deal with an employer as a person goes into the program.

I don't believe it is realistic today to talk about this when we will be having layoffs in the economy. If we talk about new programs like, let us say, Job 70's, in which we correctly involve the private sector. I don't believe it is realistic to expect that Westinghouse or GE, or automobile companies—today we have a very large GM facility outside of Baltimore—that we can expect realistically that they would be signing NAB contracts to take on employees when they are in fact laying off their own employees.

So that the type of program that we have to develop, in terms of a delivery system, must be predicated upon a level of employment.

If not, then I think we are wasting our time and, what is most important, everybody knows we are wasting our time.

We have had an experience in planning. I happened to be the person responsible for starting off for a manpower plan for the State of Maryland, which was submitted to the Labor Department's regional administrator being the regional chairman.

It is very difficult to try to develop a plan which starts with local, city, or county organizations, and putting together time and effort to see what is needed at the local level, to prepare a document which is rigidly structured, and then supposedly sent on to the State.

We are informed that nobody can get a manpower program approved unless it is approved at the local level and then at the State level. Then we submit it on to the regional manpower administrator and there is almost a total lack of conformity by the Federal agencies to their own agreement in working within the camp structure.

For example, we now have four manpower programs which supposedly are being funded, which have never been put through a State manpower training system but which were just dropped in.

We don't want to see a decent program stopped. We want to get as much in the way of training as we can within the State. But what coordination is there?

In fact, no State and local group has had any input into examing how that or other programs would dovetail into operations within the State.

The local people are pretty discouraged when somebody calls them up and says, "By the way, you now have a new program."

They say, "Why did I spend all that time planning for the next year?"

This is important because when we come into the main administration program now, that is a national arrangement and is not done at all through the local camps, the local manpower committees.

When we got our jobs consortium in Baltimore, it was independent of the Labor Department's own manpower organization, and I can assure you nothing is likely to discourage local participation in manpower activities more than this type of activity.

Secondly, the manpower activity, as Mr. Keyserling points out, crosses a number of departments. Let me talk about problems we have on the eastern shore of Maryland.

We have a community, Salisbury, with large industrial employers that have very, very severe labor shortages. Yet, we have unemployed throughout the eastern shore in need of jobs.

The problem is transportation, or a problem is transportation. We have appealed, the State of Maryland has, to the Department of Transportation to become a signatory to CAMPS, because no manpower program that does not include transportation is likely to work.

If we talk about WIN, the work incentive program, to try to have day-care centers, to try to get people off of welfare, the question of getting a mother into a situation where she may be able to support herself and her family links to the simple logistical problem of getting the mother and the child to a day-care center and then getting the mother to a place where she can get training and then to a job.

Mr. MEEDS. Day-care centers which are not available, if I may interrupt.

Mr. WEINSTEIN. That is right.

Mr. MEEDS. And which under administration proposals will not be available.

Mr. Weinstein. That is right. And even if they were funded it wouldn't be under a manpower act. We are not talking about a comprehensive proposal at all.

We are talking about a very limited type of proposal. I constantly have pointed out to me the great coordinative work that goes on in Colorado or Utah.

I can tell you that the problems of the State of Maryland with its rural Eastern Shore, with Appalachia, with the large port cities, are very much more complex. We need, and we are trying to put together, a comprehensive manpower agency, which would include, hopefully, all of the programs dealing with manpower.

We don't look upon any of the delivery system bills, the bill presented for the administration or the bill presented by Representative Steiger, as being as comprehensive by not linking together all of the Federal agencies.

I would urge very strongly that we need to have a tightening at the top and not be chided—and I think correctly chided—that we need to tighten things up at the State level.

I think we do have to tie together welfare, vocational rehabilitation, OEO, veterans' programs.

Mr. Daniels. How would you accomplish that at the State level?

Mr. Weinstein. We are going to be introducing a bill in the Maryland General Assembly, I believe next week, to set up a comprehensive agency.

I would say that we are proposing to put all of the program elements in manpower into a single department.

On the subdivision level, that is, dealing with local governments, we have been operating since last March to tie together county governments to take a firmer lead in the manpower area.

To be perfectly frank, the work that goes on is at the county level. It is where you have the school system. It is where you have the social workers. We need to tie together local governments.

I believe we ought to give more latitude to local government in the bill.

Mr. Quie. I would like to ask you how you are going to bring this about on the State level in Maryland. I recognize you said earlier that you need to do that work on the Federal level to make it easier on the State level because you are trying to bring together something that is split apart on the Federal level.

What do you do where you have a State department of education in Maryland, you have your department of employment security, and you have a State department of public welfare, if those are the exact names?

Here are three departments with manpower training programs. How are you going to consolidate those three under one agency? You must have blood all over the floor.

Mr. Weinstein. Governor Mandel appointed a task force last summer to explore and make recommendations about establishing a comprehensive manpower agency.

The recommendation for executive reorganization in the State started sometime ago, and the Kurlett Commission created by former Governor Agnew, Governor Mandel as Speaker of the Maryland House was a member of that Commission, recommended the establishment of a cabinet system of government in the State of Maryland.

One of the departments was a department of basically economic and social services. The task force, which I chaired recommended such a department with such diverse agencies. There is a legal question involved in putting together each of these agencies under a secretary, and, I think, even a harder question making them actually operative, comprehensive agencies.

I point out that I agree completely with the notion of developing a comprehensive data system. I believe it is long overdue. At this date I can't tell you how many handicapped we have in the State of Maryland that we should be dealing with. And I don't think Maryland is alone.

We should know this if we are going to develop a comprehensive delivery system.

But if I have to work with the department of employment security, for example, which follows Federal regulations exclusively and sets up its manpower system to dovetail into other employment security offices throughout the country, and we are losing a certain amount of flexibility in trying to develop a comprehensive planning system for the State of Maryland.

It is trying to overcome this type of barrier, to link together the informational requirements for an employment service, for a job bank, which we have in the State of Maryland, with the social services, vocational rehabilitation.

It is a difficult task. It is a task which will require planning for all of those agencies, and will require, I think, a good deal of flexibility in organization.

That, I guess, is what I am appealing for here. As you develop a manpower system, and I believe that one is sorely needed, States have very different organizational requirements, and one should allow some considerable flexibility for a State to develop a comprehensive manpower system within which they can live.

Mr. Burton. Will the gentleman yield?

Mr. Quie. I will, and then I wish to ask another question.

Mr. Burton. The thing that troubles a number of us is how do we permit States maximum flexibility and still address ourselves to the fact of life, that in a number of the States, particularly in the South, to do that just invites the probability that the services delivered are going to be selective, based on race?

How do you get around that dilemma?

Mr. Collins. Since you brought the South in, just how did you figure that out, if I can ask the gentleman?

Mr. Burton. I am not talking about the West.

Mr. Collins. Take Texas. We are Southwest. What specifically did you have in mind in that question?

Mr. Burton. Some of us, perhaps incorrectly, think that there are some elements of racism in a number of the States of the South.

I don't think my colleague from Texas wants to get into a discussion to see if he can cleanse my mind of this notion, whether or not in his judgment it may be an erroneous one. I am seeking opinion.

Mr. Quie. Instead of getting into this battle between the two of you, let me suggest——

Mr. Burton. I would like to have an answer to my question.

Mr. Quie. This is what I understand from the administration's bill, that the State would have to develop a plan which would have to be acceptable to the Secretary before they could implement the plan.

Within that flexibility that you desire in the State, there will always have to be some requirement that you submit your proposal to the Federal Government to insure for one thing that there would not be discrimination, any semblance of discrimination.

I suspect it would have to go much further than that. There would be also the constant monitoring by the Federal agency even after the plan is accepted.

The question I would have is: Would this be acceptable to the State in its desire for flexibility that you have, recognizing the problems of some States?

Mr. WEINSTEIN. Let me state that having lived through one plan submitted to the Federal Government, and supposedly having to see this plan monitored, I think there is a very real problem in having whoever is going to establish these criteria specify what the plan is going to be.

I would say that submitting the plan is fine, and you should allow States the maximum of flexibility structurally to carry out the program.

I think the goals of a plan, and this is what needs to be set up—what goals do you want to set for planning? Is it a goal of trying to allocate resources? Fine, let us specify this.

What we now call planning is nothing more than the simple enumeration of a number of programs; I don't believe any decisions are made on the basis of plans. If we don't improve the planning process—well, I would like to see a comprehensive State plan that has some effect, that can meet the national needs as well as allowing implementation of State needs.

Mr. STEIGER. If my colleague will yield, there is language in both the administration bill and in my bill.

Let me ask you this to see if this is what you are talking about: In my bill it says on page 5 that a comprehensive plan is required which must set forth a long-range program for programs to be carried on with assistance under this act, to extend for 3 years, to describe present and projected needs, that each plan is required to describe the content and allocation of Federal funds for program services and activities to be carried out under the plan during the year for which Federal funds are sought, and so forth.

If I understand what you are saying correctly, this is different than the kind of planning operation you do now.

Mr. WEINSTEIN. That is very true. In other words, the goals of planning, which are outlined in both your bill and Mr. Ayres' bill point in the right direction. There are some problems and I just want to point them up to you.

If there are no facilities and no resources for either carrying out the planning process or evaluation, then the whole thing will fall apart. Planning is a very complex process.

I hate to say this but just by writing laws, it will not be carried out.

Mr. STEIGER. Everyone understands that.

Mr. WEINSTEIN. Right now, the plans are not evaluated. We still haven't had our plan for this year approved. If we can't get a better procedure, then I think the planning becomes a nullity.

Mr. Steiger. You used the word facility. That isn't what you are talking about. For evaluation, you are talking about insuring, not that there are facilities for evaluation but that there is a basis on which one can make an evaluation.

Mr. Weinstein. That specifies the targets that we should be hitting. I am talking about the techniques and the ability to actually evaluate the program.

Right now, every State program is supposed to be evaluated by the regional manpower office. The regional manpower offices I do not believe have been supported so that they can actually carry out the function which they are supposedly obligated to do.

I am chairman of the Middle Atlantic States, CAMPS chairman. All of my other people from the other States feel the same way, that we don't really know whether we are going to get a better planning process unless the regional offices get more in the way of authority and resources to help us prepare plans which will be acceptable, and to help us evaluate these plans.

Mr. Quie. Let me ask you about vocational education. Are they presently under the State department of education in Maryland?

Mr. Weinstein. Yes.

Mr. Quie. Would they be shifted to this new organization?

Mr. Weinstein. No, they would not.

Mr. Quie. How would you take care of that?

Mr. Weinstein. Let me go back a step. The CAMPS committee has already been expanded, as of last March, to bring in all of the components, both private sector and local governmental units that are recommended in the administration bill.

We have vocational education in that, and what we need to do is to make sure that their plan is accepted by the umbrella manpower agency. That is, that you would still be operating a separate vocational education function, but that vocational education needs to be dovetailed to the total manpower services.

We are planning to have a Job Corps center, hopefully, and one of the people on the advisory board is the director of vocational education of the State. They have a real input. I think we have to work very closely together.

We did not recommend vocational education be included because the function of education is different. Vocational education is a different thing than vocational rehabilitation, which we recommended to the Governor be moved over into a manpower agency. That is getting people jobs and getting them ready for jobs.

Mr. Quie. Vocational education in high schools may not be, but your area vocational schools are engaged in training people for jobs.

Mr. Weinstein. Yes, and so are the universities, so we have a greater tie-in. In fact, last March we asked to have an input from the University of Maryland. In fact, our data committee for CAMPS is chaired by people from the University of Maryland.

Mr. Quie. Would it be easier for you if the Federal Government put all education and manpower programs under one department?

Mr. Weinstein. Amen. Yes.

Mr. Quie. Thank you.

Mr. DANIELS. Mr. Burton.

Mr. BURTON. There are a number of us in the Congress who, based on our personal experience, some of them limited and some less limited, who think that there are parts of the country that are racist in fact.

How do we get around the nub of providing flexibility in terms of the States without running afoul of that problem?

Mr. WEINSTEIN. I really can't fully answer the question of how you can give both flexibility and have control. I think one has to balance this between State and national interests as we have to do between State and county.

If you do not have the support of the government in question, that is, if we can't get the county governments to really work together in developing their own manpower program, there is precious little that we can do at the State level to make this effective.

I think it means that the agency, now let us say the Labor Department, setting up guidelines for CAMPS, for the manpower training program, should make quite explicit what they want out of a program and what they expect out of a program.

This is something we have not had very much success with. The Region 3 CAMPS chairmen recommended to the Secretary of Labor that State CAMPS chairmen, the people actually charged with the responsibility for preparing these things, be brought together to see if they could make recommendations on the planning process.

We were told yes, we were brought in, when, in fact, we weren't. Somehow in the great system the idea was there, it was sort of approved of, but it never got carried out.

Mr. BURTON. I am limited to a total of 5 minutes as are my colleagues. Let me move on to another point.

The required matching, and in this instance I think it is 10 percent for some parts of the program—is that correct?

What are the matching requirements? The legislation before us? There are some titles that require State matching, are there not?

Mr. WEINSTEIN. MDTA has some. The administration bill in terms of what amounts to a planning bonus requires a 2-to-1 match.

Mr. STEIGER. There is the incentive section.

Mr. BURTON. That is what I said, there is a matching requirement, and everybody looked to me like there wasn't.

To whatever extent there is a matching requirement, to what extent does that bring about an imbalance in implementation throughout the country? An area or State with resources can match. An area or State with limited resources has to wonder if we are going to pull the same stunt on one of these manpower programs as we pulled on many other Federal programs where you start out with some matching and you go down the road, like water pollution, and you find out you don't get your money.

Therefore, you almost have to be in the form of a village idiot to spend your time and energy and commit some of your resources to tie into this creative federalism program only to find out the dough is not going to be coming down the pike and you have misled your local people.

How do you get around that box? What is the role of required matching vis-a-vis full Federal funding?

Mr. WEINSTEIN. I think one has to go toward full Federal funding in most of these areas because many parts of the country which need manpower programs most will not be able to get the support. Either because politically or economically it is not feasible.

Let me point out one other aspect which I don't want to go unnoticed.

If we did want to have matching funds, the planning process now operative in manpower precludes our being able to do anything because the plan is drawn up after our legislature goes home.

The planning cycle, as simple a thing as that, has to be made relevant to the legal ability of State and local government to carry out planning.

Last year we didn't get our orders on how we were supposed to prepare one part of the plan until Maryland's legislature was half way to adjournment.

So the question of trying to put in for additional funds for MDTA, and it started out with 10 percent matching funds in cash, was almost impossible, but we tried to see if we could get a supplemental appropriation.

Then in midstream the Labor Department changed it from 10 percent in cash and 15 percent in kind to 25 percent in cash and the game was up. Realistically, that is not planning. You can't go in at a moment's notice and suddenly generate new programs.

Mr. BURTON. Finally, how do you deal with the problem of the ideological administrations at the State or local level where, in effect, these funds are little more than a slush fund for the dominant political entity?

Mr. WEINSTEIN. I really don't know.

Mr. BURTON. You might say Mayor Daley might abuse this somewhat and there might be those who might say that Ronald Reagan might abuse this somewhat.

How do you get around that box?

Mr. WEINSTEIN. First of all, one would hope one had decent programs prepared and then adequate followup on the programs.

I might add I find it a little disheartening——

Mr. BURTON. You don't really believe we are going to get enough money to adequately measure these programs.

Mr. WEINSTEIN. No, I don't. I would agree with you. I think that is very much the heart of the matter, when we talk about planning, I find my own experience has been that the Labor Department tells me step by step what I must do each day, but never tastes the stew at the end of the cooking process to find out whether it tastes good or bad.

Until we have clearly defined what the goals of the programs are, and some adequate system of followup, then we will be spinning our wheels very substantially in planning.

I think we need that very, very much.

Mr. BURTON. In our local area, we have quite a responsive local legislative body and executive, but they have just given up. They have said, "Who are you kidding? We are going to march down the model cities road only to find it blown up—to find out that these other things are changed. When we have limited resources, we are willing to commit them, but to commit them under a notion that would become illusory?"

This was true under the Johnson administration as well as this one, so it is not a partisan thing. I feel it is a basic defect in the flow of revenue in following these policies. They have virtually given up because they have been whacked in the head about seven times out of 10 where they have tried, in good faith, to implement policies at the local level and to commit local funds.

I just don't know quite how we get around that. If you distill it down, we are stuck with a dilemma that direct Federal involvement, with all Federal money, in the short term, is going to bring us more results, but in the long term carries with it the likelihood that we will have kind of a national orthodoxy and limited flexibility in trying to meet some of these social ills.

In going the other route, you have some of the problems I have made reference to.

I yield back the balance of my time.

Mr. DANIELS. Mr. Steiger.

Mr. STEIGER. I wonder, Dr. Weinstein, whether it would be possible for you to submit for the committee's consideration some specific language on some of the points you have raised. For example, how do you handle the problem of the SMSA or, the problem of enabling the States to have flexibility.

As you know, for example, there are some differences in the approach. In the comprehensive manpower planning in my bill, I said the planning group shall consist of the appropriate State agencies, including the State education agency and the State employment service, and so on, appointed by the Governor.

You criticize that provision by saying it is not strong enough. I guess what I would like is some idea of what kind of specific language you think ought to be included. I think that would be helpful.

I would also like you to expand—and I will not take the committee's time to have you do that now necessarily—on this problem that Maryland does have and that Virginia will have insofar as their relationship with the District of Columbia.

Mr. WEINSTEIN. That is a desperate problem.

Mr. STEIGER. We have had the Secretary of Labor making a clarification of the administration bill, saying, in effect, that what they want to do is to have the mayor of the central city be given the authority.

There are only two central city mayors that have less than 25 percent to veto what the administration proposes.

Yet, to look at your situation that causes me a little bit of a problem on this whole area. I would like some guidance and counsel.

One other problem you mentioned was the question of transportation. One of our difficulties now is we have categorized so much. We have not done a decent job in this area.

You don't really provide for transportation.

On page 13 of my bill, one of the things that I would allow, and I hope you agree we ought to find a way to include it in whatever bill is finally agreed to by this committee, is supportive services, to supplement work and training programs, including health services, counseling, day-care, transportation, and other special services.

So at least we are going in the direction of trying to put together a really more comprehensive manpower program that does recognize the day-care problem, the educational problem and the transportation problem.

Mr. DANIELS. Have you anything further?

Mr. STEIGER. Yes, Mr. Chairman.

On page 4, you talk about the problem you had on funding, part A and part B.

I guess I am not defending the Congress, because I think it is tragic, the lateness of the whole appropriation process this year. This isn't something we can solve in a comprehensive manpower bill, unfortunately.

Mr. WEINSTEIN. No. What I would suggest, sir, is that if you expect to get a truly effective planning system, there are certain sort of fixed requirements. You can't have a steel mill unless you have heat. You can't have a comprehensive manpower planning system unless you have certain structural inputs, whether at the national level or the local level.

The notion of developing a 5-year plan for activity at the State level I find a bit ludicrous. I can't find out what is going to happen next week with any assurance, and I can't get local government to put in a lot of resources on long-range planning.

I think we ought to be realistic about the sort of planning horizon that we can have.

Mr. STEIGER. That is a very good point. I don't disagree with you.

You have a note on page 11 of your statement about the job banks. You say this is an impediment to Maryland establishing a manpower data system. I would be interested as to why.

Mr. WEINSTEIN. We are trying to have now not just a job bank data system, but a data system that would link together a number of agencies, social services, health, education, and so forth.

When we have presented the needs that we would have to do this, the general feeling that we get from both our own employment service and the Labor Department is, "We don't want to take time. It would delay things to consult with the States on what their manpower system might require."

There is the EASAR program that Secretary of Labor Shultz talked about, part of the data system.

We may have to duplicate a lot of work because, essentially, the hardware and software system that is being developed nationally for the employment service may be so specialized that we may not be able to borrow it.

If, in fact, we had had a chance to discuss what was going to go into that sort of data model, and the sort of data model that we might need in the State, I think we would have more flexibility for manpower planning purposes.

It is just that we may have to duplicate. Anything that we have to duplicate I don't know whether I can get my legislature to come up with the funds for.

Mr. STEIGER. Thank you for clarifying that point. You do agree, don't you, that there is a need to decategorize the present manpower programs to the extent possible?

Mr. WEINSTEIN. Yes, certainly.

Mr. STEIGER. And you would also agree, would you not, that we ought to strive to try to decentralize the administration and the planning of those programs to the greatest extent possible?

Mr. WEINSTEIN. To the greatest extent possible consistent with making sure that national goals are met, yes, I do.

Mr. STEIGER. Thank you very much. Your testimony has been helpful.

Would you submit the recommendations that you have as soon as you can?

Mr. WEINSTEIN. Surely.

Mr. DANIELS. Dr. Weinstein, you did not read your statement, so I shall move at this time, if there is no objection, that your prepared statement will be inserted into the record immediately preceding your oral testimony.

Mr. WEINSTEIN. Thank you.

Mr. STEIGER. Mr. Quie asked a question to which I don't have an answer.

Are there other regional CAMPS, administrative operations, going?

Mr. WEINSTEIN. I was the first. It is sort of interesting how it began. It was at our briefing session for the Middle Atlantic States.

To be perfectly frank, the middle Atlantic CAMPS chairmen were so frustrated in terms of what we were supposed to be doing that we got together.

Now, North Carolina has broken away from region 3 and they are going to set this up as a Southern organization. I have talked to my counterparts in Iowa and Utah. I think a number of people are talking about the same sort of thing. We find that we can pick up a great deal of information talking back and forth to each other. It has been a useful channel for me. In fact, I think it was a useful channel for the regional manpower administrator, because he found out a lot of what was going on at the State and local level.

We held the State CAMPS meeting in Prince Georges County, and we had people from the national office there. I think they got a flavor of what it was like to try to prepare a manpower plan under the sort of rules that are now existing.

Mr. DANIELS. We have no further questions, Doctor.

Mr. WEINSTEIN. I would like to say that I think the problems raised by the SMSA's and our positions are very difficult, where we have two manpower administrators, two Governors.

We have been trying to organize. Most people have the view of suburbia as being a nice middle-class area without any manpower problems. I can tell you that Prince Georges County has problems which are fully equal to many that you have in most central cities, and we are very much concerned that if manpower planning and allocation is centralized under the mayor of the central city, that our own programs will not be met, our own needs will not be met. This has been our experience.

Thank you very much for giving me the opportunity to appear.

Mr. DANIELS. On behalf of the committee, I want to thank you, Mr. Weinstein and Mr. Devlin, for appearing here today.

The next meeting of the subcommittee will be held on Tuesday, February 3, when the subcommittee will meet in room 2175 of this building, at which time we will hear OEO Director, a former colleague in the House, Donald Rumsfeld.

The subcommittee will meet at 10 a.m.

(Whereupon, at 12:10 p.m. the subcommittee recessed, to reconvene at 10 a.m., Tuesday, February 3, 1970, in room 2175, Rayburn House Office Building.)

MANPOWER ACT OF 1969

TUESDAY, FEBRUARY 3, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Hawkins, Steiger, and Esch.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant; and Charles Radcliffe, minority counsel for education.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

This morning we will continue with hearings on various bills pending before this subcommittee with reference to developing and strengthening of a comprehensive national manpower policy and also to endeavor to provide opportunities for employment to every American seeking work.

Our first witness this morning is Mr. Wesley Hjornevik, deputy director, Office of Economic Opportunity, who is appearing on behalf of Mr. Donald Rumsfeld, the Director of the Office of Economic Opportunity.

Mr. Hjornevik, I extend to you a most cordial welcome.

STATEMENT OF WESLEY HJORNEVIK, DEPUTY DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY

Mr. Hjornevik. Thank you, Mr. Chairman.

Mr. Daniels. I notice you have associates from your office with you. They are at liberty to come to the witness table.

You may proceed, sir.

Mr. Hjornevik. Mr. Chairman and members of the committee.

I appreciate having this occasion to present the views of the Office of Economic Opportunity on H.R. 13472, the President's Manpower Training Act proposal.

The President has just submitted to the Congress his budgetary recommendations for the fiscal year beginning July 1, 1970. The Manpower Training Act and Family Assistance Act are among the major social legislative proposals provided for in that budget, along with appropriation requests for the continuation of existing programs financed under the Economic Opportunity Act and other authorities. I am hopeful that the Congress will approve all of these administration proposals.

The business of the day, however, is the Manpower Training Act. To assist you in your consideration of this comprehensive legislation, I will address the need for its enactment and its importance to this country's 24.2 million low-income and disadvantaged people. I will also address myself to the future role of the Office of Economic Opportunity in our Nation's manpower programs.

The question of how the proposed Manpower Training Act will work has been exhaustively covered by the Secretary of Labor, the Honorable George P. Shultz, in earlier testimony before this subcommittee. I will not attempt to amplify his remarks on the details of the bill. Instead, I will comment on those aspects of the proposal which directly relate to the responsibilities and interests of our agency.

The need for this new legislation was well stated in the President's message on Manpower Training of August 12, 1969, in which he indicated that:

> [The] confused state of affairs in the development of human resources can no longer be tolerated. Government exists to serve the needs of people, not the other way around. The idea of creating a set of programs, and then expecting people to fit themselves into those programs, is contrary to the American spirit; we must redirect our efforts to tailor government aid to individual need.

The President added that "the need today is to know together all the appropriate [manpower] services in one readily available system. By taking this step, we can better help the disadvantaged gain control of their own lives." This is the New Federalism in action.

The recent past serves us well as prologue to these manpower proposals. We have witnessed over the past decade a tremendous proliferation of federally designed and regulated efforts dealing with the work and training requirements of special segments of the population. Standardized program designs have been used, providing little opportunity for local sponsors to adjust either dollar resources or individual training activities to the economic realities and job development potentials within the community. Because of this, disadvantaged persons have been confronted with a confusing array of manpower programs which in many instances are not adequately tailored to their special needs.

The first concerted effort of the Federal Government to train the unemployed in depressed areas was the Area Redevelopment Act of 1961. It was based on the experience of States like Pennsylvania and West Virginia in retraining former coal miners to meet the skill requirements of the new industries becoming established in mining communities.

That act was the precursor of the Manpower Development and Training Act of 1962. MDTA is a national effort which was initially enacted to help equip already experienced but technologically unemployed workers with new skills, so that they could obtain employment in expanding industries or occupations.

Since 1964, we have seen the rapid development of work and training programs under the authorities of the Economic Opportunity Act which focus on the chronic needs of low-income persons. These include the Neighborhood Youth Corps, Job Corps, Operation Mainstream, New Careers, Concentrated Employment, Job Opportunities in the Business Sector, and Public Service Careers programs. In addition, Manpower Development and Training Act resources and activities have been increasingly concentrated on serving the disadvantaged.

From its establishment in 1964, the Neighborhood Youth Corps program has been administered by the Department of Labor under a delegation of authority from our agency. In 1966, the previous administration concluded that with the rapid growth and proliferation of manpower activities at the local level a need had arisen to transfer responsibility for the day-to-day administration of other Economic Opportunity Act manpower programs to the Department. By doing this, it was concluded, it would be possible to make the most effective use of available resources and to improve the delivery of manpower services to the poor. Accordingly, all of our remaining title I manpower programs, other than the Job Corps, were delegated to the Department under a revised delegation agreement. The Job Corps program, as you know, was likewise delegated to the Department a few months ago.

Under these delegation arrangements, there has been extensive involvement of local community action agencies and State employment service offices in the delivery of needed manpower services to disadvantaged persons in urban and rural communities. This arrangement has improved the flow of assistance to low-income persons, but it has not created total community planning and involvement in this critical business.

One mechanism created to achieve better State and local planning was the cooperative area manpower planning system. CAMPS was designed as a means for getting communitywide and statewide involvement and for avoiding wasteful duplication. It has been a useful device for bringing interested parties to the table, but it has not provided the answer to good manpower planning, coordination, and program execution at either the State or community levels. In our political system, that objective can best be accomplished through the auspices of elected public officials in a given community. Local and State governments have the capacity to pull together resources in a way which will provide maximum benefit to the individual. Under the proposed Manpower Training Act, public officials will have the flexibility and the responsibility to achieve that goal.

The Manpower Training Act does not establish a "no strings attached" approach to the provision of manpower training. Secretary Shultz has pointed out the substantial role to be played by him in the process of planning and in the allocation of appropriations. An indiscriminate abandonment of Federal responsibility was certainly not intended by the President. In his address on domestic programs of August 8, 1969, he made the following statement:

> What I have proposed is not a sudden dumping of these programs on unprepared local authorities, but rather a careful, phased transfer, with benchmarks of readiness and incentives for performance. If the localities decline to pick up the responsibility, the Federal Government will continue to manage the programs. If they try and fail, the Federal Government can resume the responsibility. We should trust the American capacity for self-government enough to try. The only way to bring about decentralization is to do it, and this is the place to begin.

That statement is an appropriate introduction to a discussion of the Office of Economic Opportunity's role under the Manpower Training Act. On July 1, 1970, JOBS, NYC, CEP, and other programs under title I–B of the Economic Opportunity Act would be transferred to the Department of Labor. Job Corps, which is authorized under title I–A, would not be transferred until July 1, 1971, and it would continue to be administered by the Department as a delegated program during the interim.

The Office of Economic Opportunity would continue to play a major role in Federal manpower activities. With regard to the Manpower Training Act, particular note should be taken of these facts:

(*a*) The Office of Economic Opportunity will conduct manpower experimentation and program development. The proposed Manpower Training Act would give us this authority under a new title I–B. In this way, we expect to continue the work necessary to make manpower training activities increasingly effective and responsive to the needs of the underemployed and unemployed.

(*b*) The Office of Economic Opportunity also will be consulted by the Secretary—

On all matters of concern to the disadvantaged.

On the formulation of rules, regulations standards, and annual guidelines for the conduct of State and local programs financed under the act.

On the Department's pilot and related developmental programs.

On the implementation of the Manpower Training Act's title V authority to use manpower policy as an economic stabilizer.

(*c*) State Economic Opportunity Offices will be included on the Manpower Planning Councils which will develop each State's comprehensive manpower training plan. They may also be included in the State Comprehensive Manpower Agency.

(*d*) Community action agencies are expected to serve in a major way as delegate agencies under agreement with local government or under agreement with the Secretary of Labor and in certain cases may even serve as prime sponsor in a local area. I am confident that CAA's will continue to play a large role in the manpower activities of their communities.

(*e*) Low-income persons will participate on State and local planning bodies, and in the evaluation of all program activities under the act.

In addition to the role prescribed for it in the Manpower Training Act provisions, the Office of Economic Opportunity has a clear-cut Presidential mandate to "help make opportunity real, to search out ways of making institutions more responsive, and to get behind the effects of poverty and the causes of poverty."

In the execution of this responsibility we will evaluate programs which aid or should aid the disadvantaged. We believe that sound objective evaluations of the effectiveness of programs will greatly enhance the ability of the Congress and the President to make intelligent decisions about required program changes and adjustments. In fiscal year 1971, considerably greater emphasis will be placed on evaluation both in terms of funds and the use of evaluation findings in decisionmaking. A major manpower evaluation study already underway is the national assessment of five manpower programs (Job Corps, NYC Out-of-School, MDTA-institutional, New Careers, and JOBS). Initial results will be available from this study during the next 6 months.

We will also conduct extensive research into such important factors as—

Better means of quantifying program outputs and measures of success.

The real impact of existing programs on the populations they are designed to serve.

Statistically accurate and programmatically useful profiles of the poverty population.

Finally, a number of manpower-related program development actions are underway and others are in the planning stage. An excellent example is the extensive day care experimentation we are about to undertake. Information gleaned from this study will assist in the effective implementation of this administration's broad manpower and family assistance strategy.

We will, of course, cover each of these activities much more fully in our hearings later this year before the Appropriations Committee. Even this very general presentation should help to underscore the fact that the Office of Economic Opportunity has a deep and continuing interest in manpower programs and their effectiveness in relieving poverty. We will continue our alliance with the Department of Labor and will continue to stress the especially critical needs of the disadvantaged in the State and National plans developed under the Manpower Training Act. In addition, we will continue to play a major role in the development of Federal manpower policy.

I urge your favorable action on these manpower proposals. Through improvements in the delivery of these critical manpower services, as the President has stated, "* * * we can enhance America's human resources. By opening up the opportunity for manpower training on a large scale, we build a person's will to work; in so doing, we build a bridge to human dignity."

That concludes my prepared statement, Mr. Chairman. I am prepared to answer any questions you may have.

Mr. **Daniels**. Thank you, for your statement, Mr. Hjornevik. I notice in your remarks you failed to make any comment on the two other major bills pending before the subcommittee: H.R. 11620 and H.R. 10908. I wonder if you care to express any opinions as to the position of the Department with reference to the contents of those two bills.

Mr. **Hjornevik**. Mr. Chairman, I directed my comments to the administration proposal. I have chosen not to try to make a comparative analysis of all the three bills. Some of them are similar in many respects, and some of them differ in major respects. We in the Office of Economic Opportunity had a significant part to play in the drafting of the administration proposal, and it represents the approaches we would prefer.

Mr. **Daniels**. I thought you would come here today prepared to express your approval or disapproval of provisions in those bills. However, be that as it may, I would like to ask you this question. The Director, Mr. Rumsfeld, has been on record as opposing the transfer of administration of the Office of Economic Opportunity programs to the States, and successfully gained a 2-year extension of the Office on this basis. Yet he supports the proposed legislation which would turn control of the manpower programs over to the States. How does the Office of Economic Opportunity distinguish manpower programs from other programs for the disadvantaged?

What reason would you give for this apparent discrepancy?

Mr. HJORNEVIK. Mr. Chairman, I don't believe that represents a discrepancy. The Director was taking a position on a specific proposal in a specific context at a specific time. At the time he was taking that position, the administration bill on Manpower Training was before the Congress and he had participated in the developing of that proposal.

I think the idea that all the activities of the Office of Economic Opportunity are equally suitable for the "State plan" approach is not one that we would agree with. Many of the activities of the Office of Economic Opportunity are of a nature which may not be suitable for that.

Generally speaking, we are not involved in a large-scale operating program which are the programs which perhaps fit a State plan approach best.

Mr. DANIELS. Under the proposed legislation, what would be the status of the Community Action Agencies? They can participate, but this might not always be the case because under the proposed legislation the States could simply abolish those programs by not funding them.

Mr. HJORNEVIK. No, sir; I don't believe that is correct. The bill protects, I think, against the possibility of a recalcitrant city or a recalcitrant Governor. It does not give the Community Action Agencies any privileged role in the administration of the act.

This is a conclusion which we think is right. It is the same conclusion that Congress reached in the 1967 amendments after considerable debate: that there should not be written into the legislation a presumptive role for any particular element of the local agency structure, but rather leave to local government the problem and the responsibility of how to pull together the capabilities of the various agencies in that community.

We think, sir, that is the proper approach. We are convinced that the CAA's will play, based on their demonstrated capability, a significant role as they have over the last 5 years in the manpower programs.

Mr. DANIELS. You say the States cannot eliminate those programs by not funding them?

Mr. HJORNEVIK. No. The role of the Secretary of Labor in reviewing the content of State plans and being sure that the plans are acceptable is such that would permit the Federal Government to move in and operate the programs directly, if that were required in order to assure that the disadvantaged receive service.

So I don't see how under the bill one could conclude that the programs themselves could be in any way, by virtue of some untoward action by a Governor or a city government, be eliminated.

Mr. DANIELS. Mr. Hjornevik, what do you conceive to be the role or the proper role of the Office of Economic Opportunity in assisting our Nation's disadvantaged?

Mr. HJORNEVIK. I think the purposes stated in the Economic Opportunity Act are not the worst in the world to look at. They were put there after a good bit of consideration by the Congress. I think it is clear that one of the major things that the Office of Economic Opportunity is supposed to try to do is to assure that the institutions, public and private, of this country do not exclude and in fact are biased in favor of the support of the lowest echelon of our society, the people who for one reason or the other are caught in the backwater of our society.

We can do this by influencing these institutions to behave differently. We can do this by demonstrating to them how they can do differently. I think an approach of confrontation and treating the whole world as an enemy is self-defeating in achieving that. And we are trying to move in the direction of working together in cooperativeness with substantial capability for pressure—pressure of example, pressure of dialog—to assure that the disadvantaged of this country are able to participate.

Mr. DANIELS. What do you deem would be the future role of OEO insofar as the seventies are concerned? Have any goals been set in that regard?

Mr. HJORNEVIK. I think the basic goal I have described is one that will continue for OEO. The President has added, in terms of his messages to the Congress and his instructions to us, some emphasis on the social R. & D. agency elements, social R. & D. role of OEO, the idea of evaluating not only our own programs, but all the programs of government that are designed to serve the disadvantaged.

I don't think one equates effectiveness in this sort of role with dollars spent in the direct operational sense. I think it is clear that the moneys that are appropriated under the Economic Opportunity Act, of some $2 billion, which represents only a very, very small part of the total effort in this country—public, private, State, local, and Federal—which can and ought to be serving the poor.

The problem is how do we best use that sort of resource to make sure that that very large amount of effort, resource and capability is directed at the poor.

Mr. DANIELS. I notice in your comments you use the word "poor" in the last two sentences. This morning I read in the paper that the word "poor" is a naughty word and is not to be referred to by your agency, and also that the initials O.E.O. should be dropped and the staff has been instructed to use the word "disadvantaged."

Will you comment on that, sir, and let us know what the role of the Office of Economic Opportunity will be in the seventies?

Mr. HJORNEVIK. Mr. Chairman, I don't think the word "poor" is a naughty word in the Office of Economic Opportunity. I think we are concerned that people should understand that when we use a term, or a number, such as was used in the budget material, of 24.2 million people who are somehow defined as being in poverty or disadvantaged or poor, we should understand that that number is arrived at by an economic income measurement. And, therefore, whether they consider themselves poor, or whether others who are not included would consider themselves poor, tends to be a confusing factor.

We all understand that the 24.2 million are measured by specific dollar income measurements, and that is what we are talking about, low income. There are many who would argue that people beyond that level are poor or disadvantaged. I think the use of a generic term with something which is precise in terms of the way it was arrived at in income terms is why we prefer to use the term "low income" or "very low income" with that 24.2 million number.

Mr. DANIELS. My understanding of the word "poor" has always been one who is deprived financially.

Mr. HJORNEVIK. I think that is precisely correct, Mr. Chairman. I would find myself hard put to say that a nonfarm family of four with $3,600 income is not poor, and one with $3,599 is.

The distinction I am trying to draw is, that the 24.2 million number of people in this country who are defined as poor or disadvantaged are so defined by a specific income measurement. That is how that number was arrived at.

I am not so sure that there aren't more poor people or more disadvantaged than that. So I think it is a matter of using a generic term for something that is precisely gotten at by an income measurement.

Mr. DANIELS. For our record, would you describe how many you would consider poor or disadvantaged within the meaning of the language that you are employing?

Mr. HJORNEVIK. In terms of eligibility for many of our programs now, we use the income standards which I am sure you are familiar with, Mr. Chairman, on income in rural or income in city areas. Those are the people, generally speaking, who are eligible or not eligible for our programs. I don't think I would want to say that those are the only poor people in this country, or are the only people who consider themselves poor. But they are the ones who are eligible at this point.

Mr. DANIELS. On page 1 of your statement, you said you will address the need for the enactment of Manpower Training Act and its importance to this country's 24.2 million low-income and disadvantaged people.

How would you classify those poor, by what factors?

Mr. HJORNEVIK. Those 24.2 million?

Mr. DANIELS. What would be the criteria by which you have determined them to be poor?

Mr. HJORNEVIK. The 24.2 million are defined as eligible under the Economic Opportunity Act by virtue of an income standard which is adopted governmentwide as put out by the Department of Commerce, which relates to income, farm family and urban family, depending on the size of the family. The definition is precise in that sense.

Mr. DANIELS. I am looking at a bulletin of the Department of Labor, issued on December 8, which says that with respect to nonfarm income, the family size of one, that the new income level is established at $1,800. So anyone earning less than $1,800 and being a family of one would be considered poor?

Mr. HJORNEVIK. Would be considered eligible under the act; yes, sir.

Mr. DANIELS. Thank you.

I would like to call upon my colleague from Michigan, Mr. O'Hara. Do you have any questions?

Mr. O'HARA. Mr. Chairman, thank you very much. I don't think I have any questions. But I would like to ask unanimous consent that counsel be instructed to contact the Secretary of Labor and to inquire if it is his understanding that, as stated by the witness on page 7, part D, "Community Action Agencies are expected to serve in a major way as delegate agencies under agreement with the local government or under agreement with the Secretary, and in certain cases may even serve as the prime sponsor in a local area."

And I think we ought to also contact the Interstate Conference of Employment Security Agencies to see if that is also their understanding. It certainly hasn't been my understanding.

It would be very interesting if we were to discover that the administration does contemplate this major involvement of the community action agencies.

Thank you.

Mr. DANIELS. Counsel will be so instructed.

The gentleman from Wisconsin, Mr. Steiger. Do you have any questions?

Mr. STEIGER. I wonder if it would be fair to say that the administration's bill is broad enough to enable community action agencies or State employment service agencies or any other kind of agencies to be in a position to serve either as delegate agencies or prime sponsors.

Is that a fair characterization of the language of the administration's bill?

Mr. HJORNEVIK. Yes, sir; that is my understanding of it. I have discussed it with the Labor Department people, and it is my understanding that that was the intent in terms of the way it was written.

Mr. STEIGER. As you are aware, I am sure, there are two major criticisms leveled against the administration's bill by some. One is the fact that there are many who are fearful that the administration's bill tends to provide a preemptory role for the State employment service. Then, secondly, at the hearings that have been held in Los Angeles, San Antonio, and Milwaukee before the Senate Subcommittee on Employment, Manpower, and Poverty, the fear has been expressed by community action agency personnel that there will not be adequate opportunity for participation of the poor in the planning and implementation of manpower programs.

I wonder if you would be willing to comment on either or both of those criticisms?

Mr. HJORNEVIK. It seems to me that in the process of trying to create, at the local level, a better integration and coordination and implementation of manpower programs, that it must be perfectly obvious that everyone who has been running independently up until this point in time is going to have to be constrained in some fashion to work under a common plan.

Everyone cannot continue to have all the prerogatives and all the independence that they have had in the past, if you are going to have a coordinated effort at the local level. That, obviously, is one of the purposes of the act.

This does not mean that any given member of the local community, whether it is a CAA or the Employment Service or a city-sponsored manpower agency or a community chest supported agency or an urban league supported agency is going to be all of a sudden elbowed out of the whole effort. The idea is to pull all of these people together in a more comprehensive and coordinated way.

I suspect that there may be a little elbowing in the process. But I don't think that anyone is being given an upper hand.

Mr. STEIGER. You have signed off on this bill, am I correct? By your testimony this morning you are saying that the Office of Economic Opportunity supports the proposal, as sent down by the President?

Mr. HJORNEVIK. Yes, sir.

Mr. STEIGER. You are also satisfied, are you not, that there is not only adequate but in fact a very important role that the Office of Economic Opportunity plays, even at the point at which all of those presently delegated programs are transferred to the Labor Department?

Mr. HJORNEVIK. Yes, sir; I am.

Mr. STEIGER. In your role serving as the voice of the disadvantaged at the Federal Government level, would I be correct in assuming that one of the reasons you feel so strongly about the need for the comprehensive manpower approach is the fact that under present programs the disadvantaged are really not being well served? That is to say that this present categorical grant concept of specified manpower programs does not fully meet the needs of the individual in his quest for training and retraining for a better job?

Mr. HJORNEVIK. Let me approach that this way. I think it is absolutely clear that, due to the activities of this agency at the local level under the Economic Opportunity Act of 1964 there has been a major improvement in the responsiveness of manpower programs to the needs of disadvantaged persons in this country.

However, having just come from a local community which is trying to work from the bottom up, it is also clear that the multitude of faucets and spigots and agencies and rules and forms are almost overwhelming. If you have ever sat down at the local community with that big thick Sears & Roebuck catalog of federally assisted programs and tried to figure out how to tap into the system and get help, you would know the frustrations of the well-meaning and dedicated people at the community level trying to achieve something.

I think this act will go a long way toward correcting some of that.

Mr. STEIGER. How far along are you in the evaluation study that you mention on page 8, of the five manpower programs?

Mr. HJORNEVIK. We are, I believe, about 7 months into those evaluations. We believe that these particular evaluations were constructed with a rigor, in terms of approach and study design, that will give us perhaps a prototype of the kind of hardnosed evaluations that we plan to mount in the future.

I would caution you that only preliminary information will be available in 6 months; it will not be definitive. We intend to study how well people who went into the various programs fared when compared with a control group who did not go into the programs. We propose to follow on them for a total of about 2 years. Therefore, while we will have indicators in 6 months, we will not have definitive answers.

I think we will begin to have the sorts of indications that will help both us and the Labor Department influence and adjust the programs to what in fact is happening, get some of the emotion out and a little more facts into our decisionmaking.

Mr. STEIGER. This, I think, will be very helpful.

Based on the President's charter to the Office of Economic Opportunity, your role as the deputy, and Don Rumsfeld's as the director, can you tell the committee what you see as the evaluation, research, and demonstration role of the Office of Economic Opportunity in terms of a constant awareness of and interest in manpower and other programs that serve the disadvantaged, which are operated by other agencies after transfer from OEO?

OEO is not washing its hands of the group it now serves. Is that correct?

Mr. **Hjornevik**. Absolutely not. We would be a useless appendage of government, if we washed our hands of our primary clientele. After all, every program we are involved in is the primary responsibility of some other main line agency of the Government. The measurement of our success, either in operating programs or in evaluating them or doing research on them, is going to be the extent to which we are able to modify, adjust, adapt, and cause the major instruments of Government and of our private sector to concentrate an increasing and more effective set of resources on the problems of the poor and, where the institutions that exist are inadequate, to create new ones.

That is the sort of yardstick against which we ought to be measured: not how many dollars flow through us or how many programs we operate directly. The worst thing to happen would be for OEO to become just another elbowing member of the bureaucracy as opposed to an agency which can really improve the effectiveness of Government assistance for the disadvantaged.

Mr. **Daniels**. Would the gentleman yield?

Mr. **Steiger**. Yes.

Mr. **Daniels**. To follow up the last question of Congressman Steiger, where you farm out these programs to the Labor Department to manage and operate, then what is the continuing role of OEO with respect to those programs? Just to evaluate?

Mr. **Hjornevik**. Just to evaluate, I think puts a connotation on the term of "evaluate" that I would like to dispel. Evaluation of effectiveness—of how well the Labor Department is serving, not only its traditional clientele, but in particular the disadvantaged people orientation that I think our agency represents, can be a major influence. I think that has undoubtedly influenced the way the Labor Department thinks, all the way down to the smallest local employment service office.

I think that is a major achievement of the Office of Economic Opportunity over the last 5 years. We propose to be relentless in continuing that pressure.

Mr. **Daniels**. Are there any other agencies of Government making the same studies as to the effectiveness of these programs?

Mr. **Hjornevik**. The Labor Department, obviously, and every other department of Government would say, and I think believes, they are attempting to evaluate the effectiveness of their programs. We are evaluating the effectiveness of the Government programs with a particular bias. Our job is to try to assure that these things are biased in favor of the disadvantaged, the poor, the people who normally do not have a strong voice and who aren't organized as well as other people are, who don't have lobbyists and lawyers to work for them, and to do this in an effective way. This is what we propose to do.

Mr. **Daniels**. Do you think it is a wise policy to pursue to have various agencies of Government to perform exactly the same duties?

Mr. **Hjornevik**. Mr. Chairman, I believe that the Department of Agriculture, the Commerce Department, and others would say that they represent their clientele, not only in their own programs, but in the testimony before committees like your own on the particular people they were set up to represent. I don't think that Agriculture is at all hesitant to represent farmers on any legislation all the way from income tax to any other kind that affects that particular group of people.

We would expect to represent the disadvantaged in much the same way, whether they are urban or rural. But it is a bias, and it is a particular slant and concern that is peculiar to us, assigned to us by the Congress and by the President.

Mr. DANIELS. These programs are evaluated by your office. Are they done by the personnel of your office or do you contract for an outside agency to prepare such an evaluation and study?

Mr. HJORNEVIK. Generally speaking, we contract for this sort of evaluation. We have been expanding the staff in this particular area, separating it from the people that run our own programs, to try to assure the independence of judgment, and staffing it with people who can put into the study or evaluation design the kind of rigor that will stand up in a research sense.

When you get to the problem of doing an evaluation such as the ones I described, the five manpower programs where one must physically get out in the field and look at the records and talk to the people and follow them with periodic interviews over a 2-year time, we have not attempted to staff with enough people to do that.

There are many, many firms in this country who are very, very capable of carrying out that sort of activity. And what we have concentrated on is being sure that the study design has the rigor we require, and the Government and Congress would require, to be sure the result will adequately assess the strengths and weaknesses of a program.

Mr. DANIELS. When Director Rumsfeld recently appeared before the Appropriations Committee, he gave testimony to the effect that the Office of Economic Opportunity had a primary mission. Will you describe to this committee just exactly what he means by the primary mission of OEO?

Mr. HJORNEVIK. Sir, I think the primary mission of OEO is to be the advocate and the influencer of events to the maximum extent we can, as they have impact on the poor, on the disadvantaged, to help these people participate in this society and its growth, economic and otherwise, in ways that are more effective than this society has succeeded in doing heretofor.

That is our primary thrust.

Mr. DANIELS. Do you think we should make this a permanent program?

Mr. HJORNEVIK. The Office of Economic Opportunity?

Mr. DANIELS. Yes.

Mr. HJORNEVIK. I can speak only for myself in that regard. I personally think that we must have a permanent advocate or spokesman for the disadvantaged, as a permanent part of government; yes, sir.

Mr. DANIELS. I yield back to the gentleman from Wisconsin.

Mr. STEIGER. Who is doing the manpower evaluation that you have indicated is being done on the manpower programs?

Mr. HJORNEVIK. There is a contract, sir; I don't have in my mind the name of the contractor. I would be happy to provide it for the record.

Mr. STEIGER. I wish you would provide that for the record, as well as the cost of the contract.

(The information to be furnished follows:)

Contractor: Operations Research Inc., Silver Spring, Md.

Obligations to date: $1,150,000.

Total cost: (Changes in scope of contract currently under negotiation. Final cost of the contract will be considerably higher than obligations to date.)

Mr. STEIGER. Second, Dr. Wilson yesterday in the briefing indicated that there was some work going on in what I think he called the manpower voucher. Can you supply us with any information on that?

Mr. HJORNEVIK. Yes, sir; the problem quite simply is how do you assure that institutions, whether they are public or private, remain responsive to people. What we have been looking at are ways—other than administrative regulations and requirements written into law—of stimulating new directions and emphasis, considerations that sometimes are very hard to get implemented through a tremendous bureaucracy. We want to create a system that perhaps is more direct and gives the consumer a choice of services.

For example, if we were to give a person in need of training and employment the opportunity to go where he thought he would get the best service, much, for example, like the GI bill after World War II gave the veteran an opportunity of choosing a school. Then, the hypothesis here is that competition might require that the governmental bureaucracy, competing with a private sector employment agency or a private sector training institution or a combination, become more sensitized to the problems of the client.

There are some obvious dangers in this sort of thing. But we do want to experiment with this device, as an alternative way of making the system sensitive to people.

The voucher mechanism, the idea of having the capability of buying what you choose, is one approach to this.

Mr. STEIGER. Mr. Chairman, I appreciate very much the time that you have given me to question the witness. I have one last question.

On page 8, you say:

> We believe that sound objective evaluations of the effectiveness of programs will greatly enhance the ability of the Congress and the President to make intelligent decisions about required program changes and adjustments.

You go on to say that "greater emphasis will be placed on evaluation, both in terms of funds and the use of evaluation findings and decisionmaking."

I think it would be helpful for the committee, at least it would be for this one member, if we had a definition of evaluation. As you are aware, there has been constant criticism of the Office of Economic Opportunity over a period of years for the fact that substantial sums of money were spent on evaluation, some of which was never available to the Congress to help it in its decisionmaking process. A lot of it simply was, in my judgment, totally inadequate for anyone to make any kind of rational judgment about what went on with the money that was spent.

I am pleased by the emphasis on evaluation. I am delighted by the direction I think OEO is going in with regard to evaluation, but I think the confusion of the past remains. Thus, it would be helpful if you would submit for the record a definition as to what you mean by evaluation. I will ask unanimous consent that it be inserted at this point.

Mr. HJORNEVIK. What I mean is, I think relatively simple. If one starts with the objectives of any given governmental activity, one ought to be able to define that objective in fairly precise terms, and one ought to be able to measure whether those objectives were achieved. This ought to be a fairly disciplined research type approach. We are not interested, if we are going to be effective in assuring that programs meet the needs of the poor, in simply trying to defend what exists.

This is one of the reasons we have reorganized the agency to take the function of evaluation away from the people who are operating the programs, where the tendency is to rationalize rather than to really discover.

It is interesting in coming from the hardware business, as I have—I have spent the last 10 years in the space business—to contrast this with the hardware evaluation problem. Hardware tends to be relatively unforgiving in terms of whether it works or not. If you are going to design a pressure vessel to hold 200 p.s.i., the evaluation program you have for that pressure vessel is a test program which pressurizes the thing to 220 p.s.i. and then overpressurizes it to see whether the safety valves, the margin of safety that one wants, is there. And it is either there or it is not. If the thing bursts, there are no excuses. It failed.

In the social program business, it is more difficult to reach that point. But I think there are disciplines in the social sciences in terms of research techniques and evaluation techniques which we can use to come much closer to having that sort of situation.

That doesn't mean that people are always going to agree on the policy thrust of a given program. I think we get some confusion sometimes when different people have different views of what the intent of the program was.

So there are some difficulties. But we are looking for a more disciplined, hard-nosed evaluation of programs, to determine whether a program did or did not do what it was intended to do. That is the direction in which we are going.

Mr. DANIELS. If I understand you correctly, you stated that it is the function and purpose of the Office of Economic Opportunity to serve and to act as the advocate of the poor.

Is that so?

Mr. HJORNEVIK. Yes, sir.

Mr. DANIELS. Then that being the fact, can you tell me what role, if any, your office played in the drafting of the administration's bill and specifically what part did you recommend for our consideration?

Mr. HJORNEVIK. I was not personally here at the time, Mr. Chairman. But it is my understanding that the Office of Economic Opportunity, together with other elements in the executive branch, participated in extensive reviews of the original proposals of the Labor Department and others, and was a party to the development of the bill.

I think we made major inputs on the ways of getting representation of our clientele at both the State and local levels, and by having a revised I-B title in the act that would provide us the authority for doing research and demonstrations. Through R. & D., we hope to impact the system and show which ideas we think might assure that the best possible methods of service are in fact put in the field. We plan to sell by demonstration, if you will.

I think we put ourselves in the role of consultation with the Secretary of Labor on what we regard as the key elements: the concepts and philosophy under which the program will be administered.

Those are the things that come to mind.

Mr. Daniels. Thank you.

I would like to call upon my colleague from California, Mr. Hawkins. Do you have any questions?

Mr. Hawkins. Thank you, Mr. Chairman.

Returning to page 8 of your prepared statement, Mr. Hjornevik, again, in which you give great emphasis to evaluation as a means of making decisions, are we to understand that this evaluation which is now being made of the major manpower programs means that no great decision will be made on the continuation of the nature of these programs until such time as this evaluation is concluded?

Mr. Hjornevik. No, sir; I don't think we should conclude that at all.

As you know, major changes are now underway in the Neighborhood Youth Corps, with the emphasis on the younger men and women as opposed to the older; the Job Corps for example is in the process of a major change in the direction of centers more adjacent to or part of metropolitan areas.

I think the kind of flexibility that the Manpower Training Act gives both the States and the local communities is such that it frees them from any of the constraints and particular designs, federally instigated designs that have been imposed on them in the past. On the other hand, I am sure these people will want to use the ones that they think work. I don't think we are trying to build a delay mechanism. We are trying to build an ability to understand.

Mr. Hawkins. Are you seeking any changes at the present time in the JOBS program?

Mr. Hjornevik. No. There has been a lot of debate, as you well know, about the effectiveness of the JOBS program. I think mostly without a lot of facts. I personally have no particular change direction that I would propose.

Mr. Hawkins. Do you intend to continue the integrity and the funding like the past fiscal year, of the New Careers program?

Mr. Hjornevik. Yes, sir; as a matter of fact, I think there is some increase in the President's budget.

Mr. Hawkins. I think it is just the opposite. I think you will find there is a reduction in funding for the New Careers program as over the past fiscal year.

Mr. Hjornevik. I don't believe that is correct, sir.

Mr. Hawkins. I think you will find that your recommendation is substantially less, certainly it is less than the $20 million of the last fiscal year.

Regardless, however, of the difference as to what the amount is, what is the purpose of the evaluation, if you are currently making changes in these programs? Is this evaluation then to be made after a decision has been reached, or do you intend to use the evaluation as a basis on whether a particular program is to be continued?

Mr. Hjornevik. We want to create a basis of information and knowledge on which we can act. We don't propose to sit by and not do obvious things that ought to be done based on what we now know, however inadequate the base of information may be, however poor the base of information may be. It seems to me some of the changes that the Labor Department is making, many of them at our urging, are to correct abuses or shortcomings that we are in agreement are, in fact, abuses or shortcomings.

I don't think you freeze things and not correct obvious deficiencies on the theory that one is waiting for some sort of evaluation.

Mr. HAWKINS. Getting back to New Careers for a minute, am I to understand that you are making a definite commitment that the integrity of this program and its funding of the previous fiscal year would in no way be jeopardized?

Do you say you intend to continue this program which is in the process of being concluded as an experimental program; that you are not reducing the appropriation for that program and you intend to continue the integrity of that program?

Mr. HJORNEVIK. Let me answer that in two ways: Under the Manpower Training Act, when that is in place and the funds under the Economic Opportunity Act are appropriated directly to the Department of Labor, as is proposed in the President's budget, under that setup there would be no categorization of funds, as such, for New Carreers, Mainstream, JOBS, or any other element.

One of the basic purposes of this act is to decategorize the many, many categories and constraints that are now on the program and permit the localities and the States to pursue what they think is best for their areas.

It seems to me history has shown, and the approval of plans authority that will reside in the Secretary of Labor is such, that we would not permit a whole area to be deemphasized or left out.

Certainly New Careers is a substantial part of the effort now and I am sure will continue to be. But under the Manpower Training Act, there would be no guaranteed piece of money for New Careers.

Mr. HAWKINS. I don't know what that means. You are saying that you are going to do away with categories, and, yet, you say that it is going to be maintained.

This is a program that is an experimental program. It has certain periods of cyclic development in which persons are now being advanced in careers, depending on 1-year, 2-year and 3-year steps and so on.

This program is now in the midst of the development as a new experimental program. The innovation that is talked about as one of the great objectives of this administration, and I can't find out from what you have said whether or not you intend to complete this experimental program—providing a new manpower act is passed—or if you intend to merge it along with other programs, and possibly discontinue the program.

It seems to me it is a very simple thing. Do you intend to continue the integrity of the program at its approximate funding or do you intend to cut back on it?

Mr. HJORNEVIK. You are making it very difficult for me. The intent is to continue to pursue what we call New Careers and Public Service Careers, which is the new name we are using.

Both we and the Labor Department are desirous of pursuing this. We are, at the same time, saying we are not by virtue of categorization going to force some specific level. We can by the way we influence and work with the States insure that this is emphasized.

But I can't sit here and support a noncategorization proposal and also say that I can guarantee that some specific amount of money is going to be spent for some specific category.

Mr. Hawkins. But you speak of coordination. I think no one disagrees with that. As a matter of fact, we thought we were accomplishing that in the Area Redevelopment Act, under the CEP program and the Special Impact program and others; we have for example in most of the States I assume, the CAMPS program, which is also cited as a great effort to coordinate programs.

So no one disagrees with coordination and certainly we commend the efforts to obtain coordination.

In what way then do you propose to get coordination as it is any different from the other objectives. You use the word constraint in producing coordination. You spoke of elbowing in producing coordination.

Now who is going to impose the constraint and who is going to do the elbowing that you speak of in order to get this coordination that all of us agree should be obtained?

Mr. Hjornevik. One of the key elements of this proposal is to place the responsibility on the States and on local government in an unequivocal way for achieving the kind of coordination we are talking about, making this a clear responsibility of these elements of elected government.

We think that was something that was lacking in the previous approaches.

Mr. Hawkins. Would you clarify the type of power that a local government would, let's say, assume with respect to the State?

Then you say that this coordination is to be obtained by the State and local governments. What is the role of the cities for example?

Will a city have local autonomy of its own? Would its own public officials be able to assume this control as opposed to the State?

Mr. Hjornevik. Yes, sir; but in degrees, again. We ask the State to put together a statewide plan. As you know, economic development in the State in many cases will affect both a rural area and a city area. There often is an economic cohesiveness to areas of the State. Also we believe the States have resources that can be added to the effort.

There are protections for the rural areas. We are not putting anybody at anybody's mercy, I don't believe. The cities are able to develop their own comprehensive plan that fits in the State plan.

The State plan obviously will have some constraints on the city, but if the city feels they are unfairly treated, they can appeal directly to the Secretary of Labor.

So we believe there are adequate protections, and at the same time, a push in the direction of cooperation.

Mr. Hawkins. You say that a city that disagrees with a State plan can then come to Washington and get some revision.

Mr. Hjornevik. The act so provides; yes, sir.

Mr. Steiger. If my colleague will yield, is it also true, that the SMSA is allowed to have its own plan, is it not, in which the mayor of the central city has the major voice in terms of how the money is to be spent?

Mr. **Hjornevik.** That is right, and pass through provisions of the act in effect protect that area.

Mr. **Hawkins.** Let's assume there are two cities in a metropolitan area who disagree, and that one of the cities demands to be a prime sponsor and another city says, "No, we are larger, but we demand to be the sponsor."

Who is going to be referee? Will that be decided later here in Washington or will it be decided at the State level?

Mr. **Hjornevik.** The act provides that the Governor will select from among the bodies of local government in the SMSA—that body of local government which would be primarily responsible—be the prime sponsor. The Secretary of Labor has indicated that it is his intent, as a generalization, to so write the rules and regulations and the instructions under which the Governor operates, that this would normally be the government of the large inner city that is represented in the SMSA.

Mr. **Steiger.** So in a county, such as Los Angeles which has about 75 cities, let's say, with one city that dominates—a major city, the city of Los Angeles—then you are saying in effect that the city of Los Angeles would then have control of that program as a prime sponsor for that particular county?

Mr. **Hjornevik.** That is the likely result, yes, sir.

Mr. **Steiger.** So that another city, which may be Long Beach or the city of Compton, or a city in excess of 100,000 would then be really precluded from being a prime sponsor in its local area, but would necessarily then be under the umbrella of the dominant city—the city of Los Angeles in this particular instance?

Mr. **Hjornevik.** Yes, sir; that is correct.

Mr. **Steiger.** You think that will work?

Mr. **Hjornevik.** I believe there is an economic logic to SMSA's that make that result a desirable result. I think the sort of advisory committees and representations the surrounding suburban areas and county areas would have in the total activity is such that would protect their interests.

I think encouraging cooperation among these bodies of government is a desirable direction.

Mr. **Hawkins.** No. You are a little more hopeful than I am. I am afraid you don't know the Los Angeles situation. Let's get back to another question, the question of the role of the disadvantaged in this program.

On page 2, you quote the President by saying that "by taking this step, we can better help the disadvantaged gain control of their own lives."

Then on page 5, you say that in our political system, that objective of coordination can best be accomplished through the auspices of elected public officials.

In your statement, you in a sense encouraged two different groups; one, the disadvantaged, to believe that they are going to gain control of their own lives.

Then on page 5, you speak of the public officials as giving encouragement to the public officials to believe that they are going to run the program.

In view of these two statements, what is going to be the role of the disadvantaged on any State or local council keeping in mind that under the Office of Economic Opportunity operation now, the disadvantaged have one-third representation. Will this representation be continued?

Will it be diluted? Will it be increased? In what way are you going to accomplish the objective of at least the stated goal of giving the disadvantaged greater control over their lives?

Mr. Hjornevik. The representation of clientele—and I think in any service program then it ought to be important that the people served have a voice in how well the service is given—is provided for both at the local and State levels in an advisory mechanism. That advisory mechanism is also required to give an independent judgment to the elected officials of how they view the program that has been put together by the State comprehensive agency or the local agency.

It does not provide, and cannot, if you are going to work through elected officials, for putting an elected official under a board or management group of clientele people.

The system basically works the other way around. The elected officials are elected by the people and represent the people.

The agencies within that structure that give service are increasingly following the example of community action agencies and model city agencies of providing the appropriate mechanism for the voices of those served by the service agency.

We think it is not a service to disadvantaged people to create such a welter and confusion of bureaucracy that they can't find which button to push to get help.

Mr. Hawkins. Under the Economic Opportunity Act now which you administer, the disadvantaged have one-third representation on a body—local community action agency—which makes decisions concerning the lives of poor people.

Under the proposed manpower act that you are supporting today as an agency, the poor will be given, as you indicate, the advisory—purely advisory role—not a role in making a decision.

Therefore, as one agency representing the poor in which they do have legal representation in decisionmaking agreeing to pass over to another agency that which you yourself enjoy or at least an agency which does have that safeguard, are you willing to trust it then to a new agency in which the poor will not be as adequately represented?

Mr. Hjornevik. I don't think that is quite the case, sir.

Mr. Hawkins. What is the case?

Mr. Hjornevik. I think what would happen is that in addition to the one-third representation on the boards of the CAA's—which will continue to be active in manpower programs—in addition to that, the clientele group would have an opportunity to advise and really to present recommendations to the highest elected officials in the SMSA on how they feel about it. It is an additional input for the disadvantaged.

Mr. Hawkins. I don't think anybody can refuse to deny them an opportunity to advise their public officials now. We don't need legislation for individual citizens to advise their officials. We are now talking about participation in making a decision. I think there is a vast difference between advising and being in a position to make a decision.

You have not yet clarified for me just in what way the poor are going to be involved in making decisions, or, as the statement on page 2, says, "gaining control of their own lives."

Specifically on a council, let's say there is a statement and a State plan and it creates a State council, and let's say the State council consists of 24 persons, in what way are the poor going to be represented, on this council?

How many will be represented? Will they be given two, three, or one-third or any specific number of that council in order that they will have some meaningful representation?

What about the local councils? Is there any mandatory provision that they constitute a certain percentage of a local council?

Mr. Hjornevik. No, sir; there is not. The legislation talks generally of the types of representations that are required.

Mr. Hawkins. So that using the definition, a broad definition then as a representative of a poor district, I could then be included as a representative of the poor, I suppose, on a State council?

Mr. Hjornevik. The legislation is general on this score, in terms of creating, I am sure, a reasonably sized body that has adequate representation of the people interested.

The bill does require explicitly that the clientele groups be represented and the disadavntage be represented. It does not specify the proportion.

Mr. Hawkins. Thank you. I will be glad to yield to the gentleman from Wisconsin.

Mr. Steiger. You made passing reference sometime ago to the provisions on pages 60, 61, 62, and 63, of the administration bill, which amends title I, part B, of the Economic Opportunity Act.

In your statement, you don't refer to that. I wonder if by your failure to have mentioned this specifically in your statement you are not interested in this section, or rather, am I correct in assuming that you believe very strongly that the amendments to part B of the act as proposed in the administration bill are absolutely essential for the operation of the Office of Economic Opportunity?

Mr. Hjornevik. I feel the latter. It was an oversight on my part that I had not included it in my prepared statement. I believe when I read the statement I actually referred to them quite strongly as amendments and action that we wanted.

It was one of our inputs into the design of the administration bill. It makes clear that this agency will continue to have the capability of going in the field with a new idea and demonstrating it, and we think this is important to the role of this agency in assuring that manpower training programs are in fact responsive to the needs of the poor.

Mr. Hawkins. Any manpower bill that comes out of this committee that proposed to transfer those programs now found in title I of the Economic Opportunity Act language ought to include this new language insofar as your research capability is concerned.

Mr. Hjornevik. Yes, sir; we would explicitly want that.

Mr. Daniels. There being no further questions, the Select Subcommittee will adjourn. I want to on behalf of the committee thank you, Mr. Hjornevik for your testimony.

I wish to announce that the next meeting of the Select Subcommittee on Labor will be held on Wednesday, February 18, 1970, at 10 o'clock in this room, 2175 of the Rayburn Building, and that the witnesses who are scheduled to appear are Mayor Walter Washington of the District of Columbia and Joseph Duffey, National Chairman of the Americans for Democratic Action.

The committee stands adjourned.

(Whereupon, at 11:30 a.m. the subcommittee recessed, to reconvene at 10 a.m., Wednesday, February 18, 1970.)

MANPOWER ACT OF 1969

WEDNESDAY, FEBRUARY 18, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:15 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Meeds, Hawkins, Gaydos, Scherle, Quie, and Steiger.

Staff members present: Daniel H. Krivit, majority counsel; and Marty LaVor, minority legislative assistant; Loretta Bowen, clerk; and Sue Nelson, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

This morning we continue hearings on the subject matter of manpower. There are several bills pending before this committee with this subject matter.

I am pleased to announce that our first witness this morning is the Honorable Walter Washington, Mayor of the District of Columbia. I extend to you, Mayor Washington, a welcome.

STATEMENT OF HON. WALTER WASHINGTON, MAYOR OF WASHINGTON, D.C.; ACCOMPANIED BY HORACE R. HOLMES, DISTRICT OF COLUMBIA MANPOWER ADMINISTRATOR

Mayor Washington. Thank you, Mr. Chairman.

I have submitted a statement. Would you like me to summarize it, or shall I read it into the record?

Mr. Daniels. Mr. Mayor, you are at liberty to use your own judgment on whether you want to read it or summarize it, in any event it will be put in the record.

Mayor Washington. It is probably short enough to read.

Mr. Daniels. Yes.

Mayor Washington. Mr. Chairman and members of the committee:

I welcome the opportunity to discuss with you the proposed manpower bills now pending before the Congress. If my reading of the three bills is correct, all of them have a basic similarity in that they attempt to consolidate a number of separate existing pieces of manpower legislation and to eliminate the program categories that now exist.

There is one thing I might say parenthetically, that as I talk to mayors throughout the country, I find that this is probably a most salient feature running through all the bills, the fact that cities may have an opportunity to eliminate the program category and really plan for population without the category problem that we face now.

I think this, in itself, is a commendable idea. The District of Columbia has a large number of manpower programs, covering the broad range of activities that are adaptable to a metropolitan area, but I think local interests could be served better if we had more flexibility in adjusting these programs to fit the situation as we view it.

For example, the existence of strict program lines and funding categories impedes a jurisdiction's ability to adjust a program even when sponsorship and operation rests with the same agency. In addition, the proliferation of programs has also meant that eligibility criteria, wages or stipends paid to enrollees differ by funding category for no apparent programmatic reason.

I gather from my reading of the bills that these problems would be eliminated by the decategorization that each of the pending bills proposes.

As far as details of the three proposed bills are concerned I do not feel capable of commenting specifically except that each of them seems to have basic similarities. The administration bill is the most detailed expression of the concept of decentralized authority for manpower programs; therefore, I would prefer to direct my remarks to that version of the legislation.

The concept of a comprehensive manpower planning organization and a comprehensive manpower agency, as outlined in the administration bill is of particular interest to us in the District because we have had some experience with the D.C. Manpower Administration acting as an overall manpower agency incorporating aspects of a planning, contracting and operating body.

Technically, this organization is an arm of the Department of Labor, equivalent to a regional office. It was created in March 1968 to provide a means for my administration to become more directly involved with the programs administered by the Labor Department and to provide a single line of authority and responsibility in the Department of Labor for manpower matters in the Washington metropolitan area.

Although this organization does not incorporate the full range of authority that the Manpower Training Act mentions as optional possibilities for inclusion in State comprehensive agencies such as vocational rehabilitation or vocational education, it does subsume the organization formerly operating in the District as the equivalent of a State employment security agency.

As a result, we have under one organizational head: (1) The deliverer of manpower services such as placement, referral and counseling; the direct operation (by DCMA) of the work incentive program and a job bank system for the Washington metropolitan area; (2) the contracting and monitoring responsibility for manpower programs such as the Washington concentrated employment program, NYC, job opportunities in the business sector, Opportunities Industrialization Center, MDTA, and so forth, some of which are contracted through the Community Action Agency—the United Planning Organization; (3) the leadership in cooperative manpower planning activities through the Cooperative Area Manpower Planning System (CAMPS); (4) linkages effected through liaison with the

District of Columbia government programs such as model cities, MEDCO (which is our Economic Development Committee), the assistant to the mayor for human resource programs, and other manpower-related activities. In addition, this agency allows us to have a centralized point for the collection of labor market information and research, which can be used by all elements of the District government.

I might add, Mr. Chairman, that the director of that manpower unit, Mr. Horace Holmes, is with me this morning.

Needless to say, the existence of this single unit does not automatically solve all the manpower problems of the city, but I have been encouraged by the existence of DCMA in knowing that it is possible to have some assurance that every new project in the manpower scheme will be viewed as a part of the total manpower picture and that activities of the various agencies operating individual projects will be drawn into an integrated scheme.

I might parenthetically add that that has not been fully accomplished at this time, but we are well on the way in that process.

Some of the positive results to come from this have been the effort to build a coordinated approach to job development. This means that all agencies sharing such responsibilities within the metropolitan area coordinate their efforts under the leadership of DCMA so that employers are not overwhelmed by individual contacts from separate agencies and the results of these coordinated efforts are shared among the operating agencies.

One of the most significant tools developed to assist in this effort is the job bank book which lists area employment and training opportunities and coordinates referrals from participating agencies in the District of Columbia, Maryland, and Virginia. This is but one example of the successful efforts we have achieved in eliminating a fragmented approach to a widespread problem.

This brings me to the important issue of our relationship to the suburbs in the manpower arena. I feel strongly that the problems we face here in the metropolitan area are not just District problems. I think they mirror the Nation's total problem in relation to the innercity and suburbia.

There is an interdependence between the District and its suburban neighbors that makes it naive to pretend we can exist without every possible kind of cooperation. In manpower terms, the District holds the key to the labor supply needed for suburban industry and, conversely District residents depend on the employment opportunities that are growing around the beltway.

Naturally, the related problems of transportation and education will also require a cooperative approach among the jurisdictions involved. Because I have strong feelings on this issue, I was very interested in the approach contained in the proposed Manpower Training Act (sec. 110) authorizing States to enter into cooperative interstate agreements on the manner of designating program areas for planning manpower programs.

Moreover, if my understanding of the administration proposal is correct, there are several alternative arrangements that could be developed in areas with overlapping political jurisdictions such as ours concerning the designation of a comprehensive manpower agency and a prime sponsor. If the manpower planning organization was comprised of interstate representatives, it could determine or recommend to the Secretary of Labor that an existing manpower agency within the affected jurisdictions be designated as prime sponsor or that a new organization such as a special commission acting as a neutral agency be designated prime sponsor.

One such possible neutral organization might be the council of governments which functions with regional responsibilities at this time.

Furthermore, my understanding is that a prime sponsor agency, as envisioned in the administration bill, is not automatically the operator of manpower programs. It would still be possible to delegate actual program operations to organizations within separate political jurisdictions, such as a local community action agency or a governmental unit or the area comprehensive manpower agency itself.

I have noted that the administration bill, as proposed, requires a yearly submission of plans, which would seem to imply that an annual review of the structure developed for implementation of the act's provisions will be necessary. In the case of interstate agreements, this would mean that adjustments could be made after a year's experience with a method of operation.

I think that provides a reasonable length of time to gain some experience with a new approach to a cooperative method of handling manpower matters. I must reemphasize that I feel that steps must be taken to deal with manpower matters on a realistic basis as an interdependent community rather than to act as though policies and plans formulated by one jurisdiction have no effect beyond the political boundary for which they were developed.

I think the most interesting experience on that is air pollution today, as well as manpower.

I think the approach of the administration bill represents a constructive step toward creating a Federal-State partnership. My personal observation has been that existing manpower programs have produced beneficial results and I think further consolidation and integration will make these results all the more apparent.

I thank you, Mr. Chairman, for this opportunity. I believe in a brief fashion we have tried to state our position, and as I have indicated, as I talked to other mayors about the country, I feel our position that we have would well be supported by many mayors who have felt particularly the problem with respect to the categories that have existed within the manpower field today.

Thank you, sir.

Mr. DANIELS. Mr. Mayor, on behalf of the committee I want to thank you for a very brief, but succinct, statement as to the operation of the manpower programs in the District, as well as your views on the pending legislation and the recommendations that you have made.

What problems you as mayor are having at the present time, and what recommendations you would make with reference to resolving those problems.

Mayor WASHINGTON. I think, Mr. Chairman, one problem that I referred to parenthetically is the problem of categories. We feel that in the city where we have thousands of youth and young adults, veterans, the elderly and the underemployed workers with a host of programs that have special categories—for instance, NYC, as an example, handles youngsters from 14 to 22. We might have, on the other hand, a serious problem between 15 and 23, but we are confined to that category.

The New Careers program, the On-the-Job Training program, the JOBS program that we are doing with the Alliance, the MDTA, all of them fall within some category, and that means what you frequently find is that you have somebody falling between the cracks, and it seems it does not permit jurisdiction to really plan for a population without categories, and I would think that the strongest recomendation that I could make, particularly with respect to this and to avoid this falling between the cracks, and permit us to really plan for a total population and shift that population from time to time as the pressures develop, would be to eliminate categories.

Now, Mr. Holmes may want to comment on that from an operating standpoint.

Mr. HOLMES. Yes, sir.

I think that the mayor is quite right on that. The experience that we have had in the city that points this up is that, as you know, by categories we also receive in effect an allotment of funds.

Last summer the mayor was very concerned about the number of youth opportunities we had available for subsidized work experience programs.

As we looked over our category of funds available to help with this problem, we found in one category of funds we had, in effect, some unused funds at that particular time, but because the funds were delimited, we could not automatically shift those to the category where the greatest need was identified at that moment.

So although we could use more money in NYC, there was a limitation on the funds available, and yet at the same time we had some funds available in another category that weren't being expended at that moment.

We feel that under the decategorization, this would make for a much more flexible method of funding programs as the community's experience shows the need to be.

Mr. DANIELS. Mayor, with respect to decentralization, you commented that the District is not an industrial community, and that industry lies around the beltway. Therefore, there should be more coordination between the States of Maryland and Virginia with the District——

Mayor WASHINGTON. That's right.

Mr. DANIELS. Under the administration bill, it provides for veto power to be vested in the hands of the Governor.

If we were to recognize a prime sponsor agency which would involve the District and the States of Maryland and Virginia with he Governors having the right of veto, how would this affect the District of Columbia? What recommendation would you make to assure that you as the mayor of the District of Columbia would have a proper role in this picture?

Mayor WASHINGTON. Well, I think that the District always produces that kind of problem in whatever State arrangements we have, and we have been able to fit this in fairly well. It would seem to me from time to time I serve as a Governor or as a mayor, or something else, and I would——

Mr. DANIELS. You are recognized as the chief executive officer.

Mayor WASHINGTON. Yes, I think this would not create a serious problem. We now use the Council of Governments as somewhat of a neutral agency, and that Council of Governments' format involves representation from all the neighboring jurisdictions with the District participating, I think we could possibly look to that unit as a proper body and as a neutral body to serve as an operator here, and I do not conceive of any serious problem in this regard jeopardizing the interests of the District, if that gets to the point.

Mr. DANIELS. What do you think the role of the Community Action agencies should be under the administration's bill?

Mayor WASHINGTON. I think, Mr. Chairman, if we are going to move for the designation of our own State comprehensive manpower agency, or if DCMA, which exists now, is that agency, we would expect that the Community Action Agency would continue to serve in an operating role.

We do realize here that the central coordinating unit as it is moving now, and I indicated it is in the process, though we have not fully accomplished the coordination we seek, but if the DCMA is the agency for the District which serves as our comprehensive manpower agency, we would expect the Community Action Agency to continue as it is in an operating role.

Mr. DANIELS. Mr. Mayor, what do you envision the role of the District to be with reference to public service employment?

We have today about 4 million people out of work, and I am sure that a substantial portion exists here in the District of Columbia. There are many tasks of a public nature that are undone. Much work probably could be accomplished in the area of parks, hospitals, in the Government itself here in the District.

Have you made any study of the amount of people that you can hire in public service here in the District, where good, complete roles could be given to people presently unemployed?

Mayor WASHINGTON. I would like Mr. Holmes to react on this, with more specifics than I have.

Mr. HOLMES. I say recognizing the fact that in the Washington metropolitan area the Federal and District Governments represent the largest single employer, the Public Service Careers program has a unique advantage in one way, but it also implies a dependence upon appropriated funds, both in the District appropriations as well as in the Federal, to make for the kinds of opportunities we are alluding to there.

On the other hand, we feel that as you have suggested, there are many projects and many programs in the public service area which could be developed, which may make a difference in the living environment for urban people, that with a special allotment of funds to do such things as the mayor has referred to before, those things that fall between the cracks, could take place.

As an example, we have talked a lot about the development of our park areas, the design that the mayor has been very interested in along the southeastern shores of the Potomac, where we could do something with a recreation and employment and enrichment program for the Anacostia area, all of these things could be made possible under special public service programs.

The real question would be only what kinds of funds we would have to carry them out.

Mr. Daniels. Let me go one step further. If you were to provide public service employment for the people in the areas you have enumerated, and possibly other areas, would that not result in a reduction of the moneys that you would expend on welfare in the District?

Mr. Holmes. We certainly think there is a great tradeoff.

Mr. Daniels. If they became wage earners and taxpayers, they would be taken off the relief rolls.

Mr. Holmes. That is correct. There is a considerable tradeoff between what we do in manpower development and other public service programs. Not only would we expect to have a favorable impact on the size of our welfare rolls, but we think it would automatically reduce the size of our health problem, it would improve upon our housing accommodations, because more money would be in people's pockets to do something about the kinds of housing they prefer as opposed to what they must take.

So we see, you know, that this kind of tradeoff is dependent upon a healthy employment arena for the people we are trying to serve and pay special attention to.

Mr. Daniels. Thank you. I want to recognize the other gentlemen on the committee.

I would like to call upon my colleague from the great State of Washington, Mr. Meeds. Do you have any questions?

Mr. Meeds. Thank you, Mr. Chairman.

I am proud to come from the State of the mayor's namesake.

Mayor Washington. Thank you, sir.

Mr. Meeds. And I am sorry I didn't get here to hear your oral testimony. I have been through your testimony, however, Mr. Mayor, and find that you have done a very good job of touching the highlights and touching the things which I consider to be worthwhile in this bill.

But my question really is this: You know, we create job banks, we can coordinate our efforts, and all of these things, but in the final analysis any good manpower and training program which does not have some assurance of providing employment at the end of it, or as an end-result, seems to me to be doomed from the outset.

My question to you, sir, is, do you feel that this type of program, while I think we should improve all programs we have, is going to really be meaningful in a time of rising unemployment, a time when we are told recently that we can expect in 1970 4.3 percent unemployed, when obviously the marginally employed people, and the marginally employable people, are going to be the people we are going to be dealing with here? They are also the first people who are going to be fired, or let off when unemployment increases. They are the last people that are going to be hired when there is a chance for unemployment, and I just feel kind of frustrated about this whole manpower program now with the economic conditions facing this Nation, and I would like for you to comment on that if you would, please.

Mayor Washington. Well, I think you have sort of put your finger on, really, what the nub of the problem is, as we see it. I think your frustrations are fairly normal. We share them as we try to come to grips with the problems on the streets of our cities.

I believe that what you will find is that much of the response to your question is related to the economy, and I don't know that any of us are in a position to forecast it in precise terms in relation to the job situation, the job and employment situation.

We know that the great number of marginal persons who, as a result of the economies tightening, will lose jobs, but it seems to me that it is imperative to the extent that we can, to develop skills through the training programs to put them as close as possible to whatever opens in the market, and not simply let a number of our people remain in this marginal area, knowing full well that they will be the first to be hit.

Mr. Meeds. Don't you think, Mr. Mayor, however, that we ought to make it abundantly clear that that is the situation with them?

Mayor Washington. Yes.

Mr. Meeds. I think we have just gotten into the area too many times of, in effect, making promises which later we can't fulfill, and which become the catch basin for these people for further frustration, further enmity toward people who have promised and not performed, and it is just another broken promise to many people.

Mayor Washington. Yes, and that is why in my prepared statement I pointed out that I did not see the thrust here in either of the three bills to be a panacea, and I don't think we should hold it out as that. I don't believe we should make another promise to people and have them feeling that jobs and training are going to rain down on them and that this is the problem.

I think it is a step in the right direction to decategorize, if you will, the efforts in these programs so that you can have some flexibility, but I do not believe that this is the end product.

I think we are looking forward to the JOBS program as the kind of down-the-road outproduct of employment which you refer to, but it, again, is not going to work unless we have a fantastic upsurge in the economy and a fantastic kind of reaction from our private sector.

We are not really going to make it on that. But I don't believe that we should continue in our frustrations in respect to any piece of legislation looking at it as a panacea. I think we have got to move ahead. We have got to develop public careers programs and others that the Chairman spoke of that will when you put them back to back—will make really an imprint on this total problem.

I am disturbed, frankly, in the city at this point in this whole area of job training and employment. I think looking down the road to the summer, the summer to come, if we don't do a massive effort here, we are going to be in trouble, just for the reason that you mentioned. There are too many people at the marginal level.

Mr. Meeds. And the Chairman's question really suggests some method of relieving the pressure and also for making a better society for people in our urban areas.

Mayor Washington. I think he has hit a real plus there, and I think Mr. Holmes reacted to it, because I think the public service career area does, in fact, give great opportunity, and it is going to be a sort of backdrop to the private economy.

Mr. Meeds. Thank you, Mr. Mayor.

Thank you, Mr. Chairman. I am sorry I have to leave.

Mr. Daniels. I now recognize the gentleman from Iowa, Mr. Scherle, the ranking minority member of this committee.

Mr. Scherle. It is a pleasure to have you appear, Mr. Mayor, and I appreciate the generous comments on the administration bill.

Furthermore, I do share with you a great frustration that these programs, for which we have spent millions and millions of dollars, have not worked.

I notice on page 2 of your testimony you have a list of all the various programs. Can you explain to me one reason why under these programs we give such individual attention, and that we have been such a failure in training these people and finding suitable employment for them? Now we are talking about a concentration of all these programs under one roof, which probably will give them less identity than they have at the present time.

Do you think this is a possibility that this frustration can continue?

Mayor Washington. Mr. Congressman, I am not sure that I agree with you fully on the fact that they have been an utter failure. I think that thousands and thousands of young people have been subjected to a training process that they would not have otherwise had. Many of them have gone into gainful employment.

We have noted this here, and I am sure that when you make the sweeping statement you are talking nationally, and not locally. I am well aware of that, but locally, I would believe that what we have seen in a number of the programs is not what we think could necessarily be derived from them, and our real observation here today is that we feel that the time has come for the decategorization of these programs and the development of a comprehensive back-to-back ability to plan the programs so that they reach the population where the greatest pressure and the greatest need is.

Mr. Scherle. Since you have been Mayor of the District, what have you done to unite or correlate these programs, if you feel this has been a primary cause?

Mayor Washington. That is a very good question. In a very short period of time, I discovered our programs were fragmented all across the board, when I came into office. In March of 1968, in a joint arrangement with the Labor Department, we were able to bring in Mr. Holmes, who served both the Federal end and the local end, and we started in a process of putting as many agencies under one roof as we could, and guiding some of the others with at least a hand.

You must remember that these directly funded agencies had either funding, or they had their own arrangements on a direct basis, and there was not everything we could do. We did something. We set up a format, which is our D.C. manpower unit, and we started feeding into that area a review process, and in that review process we got part of a handle on a number of them.

We had at least one repository where we could handle manpower. Moreover, in the refunding of a few that have come before us, we have been able to direct that training and that program to the point of need, so that it was back to back with other training programs and really met the total need.

It takes time, I would say, for any city based on how these programs evolved and how the Congress really put them together to put a full handle on any or all of them.

Mr. Scherle. Mr. Mayor, I cannot agree that putting the monkey on the back of Congress is going to solve your problem.

Mayor Washington. I didn't say that.

Mr. Scherle. That is the way I interpreted it.

Many people feel the only thing we have to do is pay out a lot of money, and I totally disagree with that statement. For example, Pride is about as full of graft and corruption as any program I know of. Perhaps there is more that is not even reported to us in the 16 news media about it.

We had the Job Corps here, and I understand that it just folded about 2 months ago.

Can you give me any explanation why, with all these and many other programs, we still have the problem we have in the District of not being able to satisfy the needs for employment?

Mayor WASHINGTON. Sure.

Let me get back to your first thing. I never put the monkey on the Congress' back. I dealt with the Congress as a partner in every endeavor we had, and what I said was the way the programs were enacted and categorized, it did not leave flexibility. It seems to me that what I am saying as a result of that in my testimony, as well as now, is that the programs as they were funded and as they were passed, left the categories with many cracks.

Mr. SCHERLE. Let me correct that statement then. As members of Congress we have tried to fund these programs, and through haphazard administration downtown they have become failures, not because of our generosity, but because of this lousy administration.

Mayor WASHINGTON. Why don't we take the position that it may be we have a joint responsibility here? The point is that all three bills, the Administration bill particularly, go to the relief of categories. I think the funding has been liberal, but it has not been enough. I think that we have been funded, for instance, at about one-third of the need that we have been able to assess in this city, and if you say that it is liberal funding, I think the question is not whether it is liberal but whether it is enough.

Mr. SCHERLE. All right, why did the Job Corps fail in Washington?

Mayor WASHINGTON. The Job Corps did not fail here. There is no Job Corps here. The one you refer to is the Board of Trade. The Job Corps has not come to the city at this point. The job program that you refer to was a training program undertaken by the Department of Labor and—let me just tell you what it is, since you have called on it.

Mr. SCHERLE. I know what it is—a job center. Why did it fail?

Mayor WASHINGTON. Well, it wasn't the Job Corps. It was a training program undertaken by the Labor Department along with our Board of Trade, and Northern Systems, a system which had previously functioned with the Job Corps in another area.

Mr. SCHERLE. In Nebraska. They moved here to Washington. I played a part in getting it closed there because it was not functioning in Nebraska.

Mayor WASHINGTON. Mr. Holmes has been reviewing that carefully, and I would like him to comment.

Mr. HOLMES. The Jobs Center was the appropriate name for that particular project. It was a test pilot project which had a one-funding life by the previous administration. It was designed as a forerunner to the JOBS in a Series Programs, which is now called JOBS-70.

In our assessment of what it was doing with the employing community, we felt that in the limitation of the funds that we had, that the JOBS-70, the present Administration's proposal for involving the private sector, was in effect duplicative with that particular program at the Jobs Center, again addressing itself to the private sector.

So, in the analysis of what we needed at this time, it was decided that the JOBS-70 with the MA-1, 2, 3, 4, 5 series before it had now made for that kind of capability in the Washington Metropolitan Area.

What was needed now instead of the Jobs Center was a manpower residential center under the Job Corps, and we have been identified as one city for it, to bring to Washington a capability for youths who have very poor home situations to make for a more healthy environment for their training, so in effect the administration decided to place the resources of the Job Corps manpower residential center at the same location where the old Jobs Center was, and with the now growing capability in our JOBS program, to substitute for that—if I may finish, sir.

We have had an experience in the last 2 years with the MA series, during the same time as the Jobs Center, several million dollars worth of programs funded with the private sector, representing several hundred jobs at the end of the training, and so it was just in that assessment that this was done, not in the assessment that the Jobs Center had failed.

Mr. Scherle. Apparently you and I didn't read the same article.

Mr. Holmes. Except that is the newspaper, and I am telling you from our being responsible as project officers from the monitoring and a course of action of what we are doing every day.

Mr. Scherle. As far as the programs are concerned, I feel much more suitably impressed by the newspaper account than I do by the track record established by all of these programs.

What have you done with the Work Incentive Program? How many people have you placed there? What is your enrollment?

Mr. Holmes. We didn't come prepared to give you that information, but we have it, and will supply it. We have produced on a periodic basis this kind of information.

I might mention to you that an outside evaluation firm has just submitted to the Department of Labor an evaluation of that program, and it has been regarded as one of the best in the country.

Mr. Daniels. Will you supply those statistics for the record.

Mayor Washington. We will be glad to, Mr. Chairman.

(The information follows:)

District of Columbia WIN program statistics

WIN enrollments, cumulative August 1968–Jan. 31, 1970	1,804
WIN enrollees placed on jobs, August 1968–Jan. 31, 1970	424
WIN enrollments on Jan. 31, 1970	909

Source: D.C. Manpower Administration, Mar. 2, 1970.

Mr. Scherle. These evaluations are self-imposed by the agencies involved, and I don't take any type of position on that. Already $30 million has been spent in the poverty program for evaluations and they are gathering dust, and never will be looked at.

Mayor Washington. Mr. Chairman, do I understand you want the figures?

Mr. Scherle. Well, I can tell you that I don't have the amount of time to go into this as deeply as I want to, other than to say that I am very disappointed in Pride, Inc. This is a sad, sad commentary on our program here in Washington, D.C. It is almost incomprehensible.

I go through the "Star," and I go through the want ad section, and I see job opportunity after job opportunity after job opportunity. Can you tell me why these aren't filled, with all the money we spent?

Mayor Washington. I just want to say that I disagree with you with respect to the full import of Pride, Inc., sir. I think we have read about 17 situations, and I think they are serving thousands and thousands of disadvantaged youngsters.

Mr. Scherle. This may be fine, but the Governor of Washington said a moment ago how they are trained and developed.

Mayor Washington. Many of them, and I didn't come prepared to go into a detailed defense, but just in terms of the sweeping categorization of that program, based on what you have read so far, I think the GAO on the other hand has done a comprehensive treatment of that program and found it in good shape.

The Labor Department in this administration has just a week or 10 days ago refunded that program, based on an analysis of what they have found. This is in our administration, and I believe that to sweep this aside—I don't think the newspapers have said that the program has failed.

Mr. Scherle. Funding a program under this administration, or the previous administration, has no bearing on my thinking whatsoever. You cannot take a tax dollar for this type of outfit and get value received. It is a ridiculous appropriation even for any administration.

Mayor Washington. If you really looked at that program——

Mr. Scherle. Mr. Mayor, I have done a lot of looking. It is a sad, sad case to try to build the hopes of these poor people and give them a few dollars to go and chase rats in an alley as part of the program. This city could set up a real effective rodent control program with just a percentage of what Pride is getting.

Mayor Washington. Did you realize that they have also been able to buy three gasoline stations and an apartment building, as a part of their on-going training, and also move people out into a category, which is the whole area of landscape gardening, and they have a firm established.

All of these are spinoffs of the kind of training they have had.

Mr. Scherle. Who are the directors of the landscape agency?

Mayor Washington. That is a separate corporation.

Mr. Scherle. You bet it is.

Mayor Washington. It should be. That is what you are after, isn't it, for people to move out of what you call a training program into entrepreneurship? Isn't that getting into the mainstream?

Mr. Scherle. This agency also has people who serve in a CAP agency which are directly affected with that agency. I think you might see in the contracts there might even be a little conflict of interest.

Mayor Washington. I don't have any notes.

Mr. Scherle. I know you don't, but by the same token, I think you could do a better job in Washington. If you are the mayor, you are also the governor.

Mayor Washington. You know, Mr. Congressman, that we had no control over those programs. You have said that, and you know it. I am a governor, and I am a mayor, and two or three other things, and nothing very much, you know, in terms of authority.

Mr. SCHERLE. You delegate your authority to somebody who can serve in a capacity—but you still should be held finally responsible.

Mayor WASHINGTON. Mr. Congressman, you realize what we are trying to do by this very legislation is to put these programs in a position where locally we have some controls, and we have some ability to bring them into context, and when you say, "Washington, no other city is in any better position, even where you have a governor," these programs are operating on a straight funding categorical basis and we have had less opportunity here with direct funding than programs in any city in America.

Mr. SCHERLE. You are closer to the source here.

Mayor WASHINGTON. That doesn't give us anything.

Mr. SCHERLE. I would hope somewhere along the line in this legislation you and the governors will be given the power of veto, because I think the responsibility should rest somewhere with a public official.

Mayor WASHINGTON. Exactly.

Mr. SCHERLE. There is an agency where the majority of intelligence is serving one cubicle down here.

Mayor WASHINGTON. Isn't this exactly what this legislation is trying to do? Isn't this trying to give to the governors and to the local operators and jurisdictions some ability to function with it?

I came in full agreement with this, because I think this is needed.

Mr. SCHERLE. Mr. Mayor, I am sick and tired of seeing this million-dollar program flounder and not help the poor for which the program was designed. The administration of these programs is atrocious, and as long as we design a program for the poor people, then I think those people should be heard. I am not trying to single you out——

Mayor WASHINGTON. That is why I am trying to get your remarks away from singling, because I think we have had less opportunity than any other jurisdiction. You say we are close, but we are not close.

I didn't want to debate it. I agree with this. These programs need to be brought into a focus where they can get the full impact. They need to be decategorized, and I agree with you that there are areas of great impact. And if this was not the case, I do not think we would have these three pieces of legislation.

I think that the administration bill is a detailed bill, and it should go far to correcting some of the problems which we have, and giving to the jurisdictions a kind of hold on them and a kind of base that they really need, and I would hope that in this period of time we can make great progress.

Mr. SCHERLE. No further questions.

Mr. DANIELS. I call on my colleague from the State of California, Mr. Hawkins.

Do you have a question?

Mr. HAWKINS. Mayor Washington, first, I would like to apologize for not having been present during the time you presented your prepared statement. I do serve on another committee which meets at the same time, and that is why I was absent.

Secondly, I would like to strongly commend you on the role that you are playing in this city. I know that there is not a city in America that is not in trouble at the present time, including Los Angeles, my home city.

Certainly I think that it is a little unfair to blame you for all of the ills of this city.

Mayor WASHINGTON. Of all the cities and society.

Mr. HAWKINS. They are shared by Mayor Lindsay in New York, and Mayor Yorty in Los Angeles, and everybody else. I don't know of any city in America in which there should be more cooperation than in the City of Washington, of which you may be the Governor, but Congress serves as a veto over the Governor in this instance.

I am very saddened by the fact that as a Member of the Congress we have not funded, not only manpower programs, but we have failed to fully fund the educational programs of this city.

I think we shouldn't put the monkey on your back. I think we should take a little bit of the blame on ourselves. I know you are not going to talk about that, but as a Member of Congress, I can.

I happen to live in the District, not one of those who came to Washington to live in Maryland or Virginia and work in the District. I sometimes feel that if more of the Congressmen lived in the District, we would have better schools, and a lot of other things would be better. But that is quite beside the point.

I would like to get back to the proposal that you submitted your views on.

Do you believe that legislation is absolutely needed in order to achieve coordination, or is it possible under the various proposals that have heretofore been made to achieve cooperation or coordination without necessarily getting into the proposal, if we do pass it? Do you believe that this, any more than any of the other proposals, will actually achieve coordination?

I know everybody talks about it, but each agency is very jealous of its own responsibility, its own operation, and somehow we never get around to it.

Also, how would you relate this type of coordination of manpower programs to the schools of the area? It seems to be that without the tie-in with the schools, that we will avoid manpower programs, special programs doing jobs to correct the mistakes of the schools. It is a double-jointed question, but I would like to get your reaction.

Mayor WASHINGTON. It is quite a question, or series that you have asked, and I want to thank you, Congressman Hawkins, for putting the whole matter into perspective.

I have come to the point in my experience that you observe on, where I can't really single out people to blame in America, in a sense, because particularly in this area, many of these programs developed and evolved out of pressures of the times, or pressures that developed to take care of one group or the other.

The NYC program, the 14 to 22-year-olds, they suddenly became a real problem for us, and this developed with a certain kind of background.

The New Careers program, and On-the-Job Training program, the MDTA program, all of these things evolved, as things evolve in America, out of the pressure of circumstance, and then to find at one point in time that you have them and they have developed a certain amount of background and a certain amount of independence, is not to say that we should continue in that prospect, because as I have pointed out, with this growth there have developed cracks. People are falling between cracks because of the lack of flexibility to deal with the total population, without going into categories.

Now. I think you could achieve, perhaps, coordination without the legislation, but I think you do a better job of providing a base for that coordination with the legislation that is now proposed, so that it does not fall entirely upon the administration to put the coordination into it.

I think if the controls are built in, so that the jurisdictions, the governors and the local officials can function flexibly and appropriately, then there is a better chance for administrative coordination of the programs within the framework of need as they develop.

I think on the second part of the question, with respect to the schools, there is need for a further look at this problem to see how the training programs, and even the curricula, if you will, are related to the programs that ultimately provide either training or the job opportunity.

I am not sure that we have done enough in this area. It is fairly apparent that in the dropout area there is a need for far more—a need for a more comprehensive look at that as a total problem.

So I would say to you that I see the need for this legislation, particularly in the areas that I have referred to, particularly with respect to permitting a better type of planning for population without categories, and I would believe that it would set the stage for a far better degree of coordination administratively if the provisions of this bill are passed.

Mr. HAWKINS. Just one other brief question.

Do you believe that even with coordination, that the job can be done without a lot more funding than at the present time?

I know it is easy to say, "All we need is coordination." This sometimes is a substitute for an inadequately funded program. It seems to me we have been coordinating and coordinating for a long time, and really haven't put up enough money to really do the job, both in education and in manpower programs.

So what I am really asking is, is coordination the sole answer?

Mayor WASHINGTON. You have put your finger on what I was trying to explain to the Congressman, that you can talk about liberal funding, and it is a question of who is defining "liberal."

We have here 100,000 people that we have been able to identify in our manpower program, as underemployed. Now, we are serving 30,000 of them, which means that we have a need for 70,000 more. We are serving about one-third of our population that has a need for training to relieve their underemployment and develop skills so that they can function at that skill level.

There you need more funding, as well as coordination. Coordination is like what we have done so far. We have looked at an expert swimmer who can swim a mile, and has 2 miles to swim. He is going to drown if that is as far as he can go.

The program, if it is not properly funded, does not do anything except permit you to coordinate an under-funded program.

Mr. HAWKINS. I want to thank you for a very forthright presentation.

Mr. DANIELS. Mr. Gaydos, do you have any questions?

Mr. GAYDOS. One short question, Mr. Chairman.

Mr. Mayor, in my area, the problem involved and revolves around jobs. I understand my colleague Mr. Scherle to say that there are thousands of jobs in Washington, D.C., that go unfilled. Is that a true statement?

Mayor Washington. Mr. Congressman, I am not aware of it. I was trying to get the source of it. We are now putting on one of the most extensive job-getting programs that we have have ever put on here in the city. We are asking for 50,000. We are turning to dentists and doctors and lawyers and engineers, asking them if they won't open up job opportunities, and I just am not aware of jobs going begging.

I know that we even have gotten an extra provision in the transportation area to move some of our unemployed into the suburban ring. This is a demonstration that the Department of Transportation is participating in, and certainly we won't be moving them out there if there were job opportunities.

Now, Mr. Holmes is close to this situation, and he might want to elaborate further.

Mr. Holmes. I think there is partial truth in the question. We do have one of the healthiest labor markets in the country. We do have a sizeable number of jobs going begging still, but that doesn't fully answer the question.

The rest of the answer is that those jobs are of such a professional and technical level of requirement that the population we are trying to serve, just doesn't meet it, and so one of the designs that we are trying to do here with New Careers and working with the private sector and the JOBS program, is to sell employers on the restructuring of their jobs to make more entry level jobs possible for the potential labor force that we have.

Now, until you do something about bringing together what our population's characteristics are at this time with the labor market needs, we are going to have a serious gap between them, and so we try to do this with the training programs which require an acceptability by the employers to do it, and so when the Mayor spoke about the new job development record, we are not just meaning promotion. We are meaning selling the employers on the value to them their investment in the Washington area, in redesigning their jobs, changing some standards for their jobs that may not even be realistic any more, to take those jobs in the paper and really make them available to the clientele that we have, who have a crying need for jobs.

As we move along that track, we will say that we are able to resolve more and more of the underemployment and unemployment that we have going on in the city.

Mr. Gaydos. As you have explained, then, you do have a problem here with the number of jobs that are available pursuant to your explanation; they are the technical jobs.

Mr. Holmes. Yes. If you take any of today's newspapers and we have people who call those and call many employers to see if they can change one element in that. We find the jobs are electronics, they are engineers, professionals in terms of some of the programs that are calling for people today, in the computer sciences, et cetera.

We have designed training programs that link to those. We say, "We can't give you a computer systems analyst right now, but we can give you key punch operators." If you can let them in, we will connect you with a job training program that will allow you to move them up through the next levels of the computer technology, and you can have jobs for them and assist us, too.

Mr. Gaydos. Thank you, sir.

Mr. Daniels. I recognize the author of one of the bills, the gentleman from Wisconsin, Mr. Steiger.

Mr. Steiger. Mr. Mayor, you have made an excellent point this morning with regard to the need to decategorize.

Would I be fair if I could get you to agree we have two major issues? One is that the present programs are categorized, and there is a need to decategorize. The other is the question of public service employment. Would you agree that these are two separate problems?

Mayor Washington. Philosophically, I think yes.

Mr. Steiger. We had testimony from the Governor's office of Maryland not very long ago, and in the statement that he made, the problem of the District of Columbia and its relation to the suburbs was brought out.

In your statement on page 4 you get into this question, but I am not, frankly, very clear from your testimony as to just what your answer would be to what I think can continue to be a problem if we don't resolve it.

The administration bill proposes a designation on a standard SMSA basis, and within an SMSA around the city of Washington, the mayor of the central city, in this case yourself, would be given the designation or sponsorship responsibility for that designation.

The testimony from Maryland indicated that they thought this would be a problem, and that it would not be satisfactory for the Mayor of the District of Columbia to serve as prime sponsor for the suburbs of Maryland and Virginia which surround the city.

You mentioned the Council of Governors as a regional agency that might be designated for this purpose. Do you have any kind of specific suggestion, or would you be willing to try to work with Governor Holton of Virginia and Governor Mandel of Maryland to try to find out what we could do specifically for the SMSA in the Washington, D.C., area assuming that Maryland and Virginia would not like the administration's proposal.

Mayor Washington. Yes, Congressman Steiger. I would first think that I would want to say that I did not want to minimize the problem. The difference, for instance, in our jurisdiction is that we not only are in the center, as a city, but we are probably unique in the fact that we are bordering two States, Maryland and Virginia, which I think is unique in terms of any other jurisdiction having this kind of component.

I do not believe that, for instance, three neighboring states need have concern with the problems such as we have here, but the very fact that we are working together, say, in the CAMPS program, and in the Council of Governments, it gives us a base to work out specifics.

I use the Council of Governments only as a neutral medium, and in the other phases of manpower, we had no problems working out a system, a communications system in the criminal area. We have had no problem working on air pollution, water pollution, problems that affect us generally, and it seems to me only when we get to the human problems of the programs do we begin to throw up some problems to ourselves.

In response to your question, I would be perfectly happy to continue the dialogue which we have already started in the CAMPS program, which we have started with neighboring States, with a view to working out some specific method of operation that would be mutually satisfactory to the two jurisdictions.

It isn't an easy one, but I think we have got to do it.

Mr. Steiger. I think it would be very helpful for the committee to have the results of that kind of work. I know you have started it. I would like to encourage you to continue it, and to get back to us when you have suggestions on what we ought to do in drafting the legislation.

Mayor Washington. Very well.

Mr. Steiger. One last comment. I simply wanted to say that I would go further than either my colleagues, Mr. Scherle or Mr. Hawkins, in suggesting that much more of the fault lies with the Congress in the way we have structured the programs and imposed them on local communities.

I don't know that the word "fault" is particularly appropriate, because each program grew up to meet a particular need at this time, in 1962, 1964, 1965 or 1968.

Based on that experience, we now see what we have done to you, and more importantly than to you, to those who need to be served.

I appreciate your coming this morning.

Mayor Washington. I appreciate that statement. You said it far better than I was trying to say it, but I was really trying to cast back into the development of various programs, and you have just put your finger so beautifully on how they developed, and not for us to either fault or blame each other. I don't think this gets us any closer.

What I see is a partnership in whatever faults we have had, or deficiencies, and a resolve together to try to put the best package together to take advantage of the experience that we have had, and also to more meaningfully reach the people that we are trying to reach.

Mr. Daniels. Mayor Washington, in response to what you have just said, I know you are confronted with a most difficult problem, and I think you are handling it very, very well, and I want to compliment you on behalf of the committee and personally.

I desire to thank you for your courtesy here this morning, and for the testimony which you have given. It has been most helpful.

Mayor Washington. Thank you.

Mr. Daniels. And thank you, Mr. Holmes.

Mr. Holmes. Thank you very much, sir.

Mr. Daniels. Our next witness is Mr. Joseph Duffey, National Chairman of the Americans for Democratic Action.

STATEMENT OF JOSEPH DUFFEY, NATIONAL CHAIRMAN, AMERICANS FOR DEMOCRATIC ACTION; ACCOMPANIED BY LEON SHULL, NATIONAL DIRECTOR; AND VERLIN NELSON, LEGISLATIVE REPRESENTATIVE

Mr. Duffey. With me is Leon Shull, the national director of the Americans for Democratic Action, and Verlin Nelson, legislative representative. Let me briefly summarize our statement.

Mr. Daniels. Without objection, your statement will be incorporated in the record at this point, and you are free to proceed and summarize your views.

(The statement referred to follows:)

STATEMENT OF JOSEPH DUFFEY, CHAIRMAN, AMERICANS FOR DEMOCRATIC ACTION

Mr. Chairman, my name is Joe Duffey. I am National Chairman of Americans for Democratic Action. I am happy to have this opportunity to present our views on the three manpower bills pending before this committee, H.R. 11620, introduced by Mr. O'Hara and others, H.R. 10908, introduced by Mr. Steiger and others, and H.R. 13472, introduced by Mr. Ayres and others.

The Full Employment Act of 1946 stated that it was the policy of the United States to assure all Americans seeking work opportunities for useful, regular, full-time employment at reasonable wages.

Today, twenty-four years later, this goal is still not a reality for millions of Americans.

During the past decade our response to the problem of unemployment was intensive experimentation with federal manpower training programs. The initial manpower program was aimed at retraining heads of families who had been displaced by technological change or recession. But the civil rights revolution and the subsequent war on poverty introduced a new dimension and shifted the emphasis to job training for the disadvantaged.

Today, after almost a decade of such programs and after the enrollment of about one million people, manpower training has to its credit many accomplishments which more than justify its costs. Thousands of people trained under the acts are working more steadily or at higher wages. For the first time in the history of the nation, the poor themselves have participated in the planning and implementation of government programs of assistance.

But, we still have large-scale unemployment. The depressing statistics are well-know. 3,400,000 people are unemployed today. Approximately 6.7 million more are sub-employed because of low wages. This total represents 13% of the working population. Still, it does not take into consideration the large number (estimated at several million) who remain outside the labor force through discouragement or inability to meet the minimum qualifications.

In part, unemployment is due to inadequate funding and the limited scope of training programs. But, in larger measure, it is due to the assumption that jobs exist in private enterprise in sufficient number to bring down the unemployment rate.

ADA challenges this assumption. The uninterrupted prosperity of the mid and late sixties did not create enough jobs on the first rung of the ladder of access in our society to provide employment for all Americans who seek work. And current economic approaches, designed to reduce inflation, are contributing further to unemployment. On February 7th the Department of Labor announced that in January, 1970, the unemployment rate climbed from 3.5% to 3.9%, the largest monthly rise in nine years.

Manpower training is not job creation. Job creation is the number one need today. ADA believes that the basic manpower program of the seventies must be the large-scale creation of jobs in the public sector. Every person willing and able to work should be guaranteed a job at decent pay, with a built-in career ladder, together with necessary support services to permit job upgrading.

The list of prestigious organizations which have presented carefully documented reports calling for massive programs of public services jobs to reduce unemployment is impressive.

1. As far back as 1966 the National Commission on Technology, Automation and Economic Progress, in its report to the President and members of Congress, called for the explicit endorsement of public service employment as a permanent, long-term program and estimated that there are 5.3 million potential jobs in public service. The committee recognized "the anomaly of excessive unemployment in a society confronted with a huge backlog of public service needs in its parks, streets, slums, schools, libraries, etc." It stated that much of the work calls only for limited skills and minor amounts of training.

Their *Estimates of Potential Sources of New Jobs* included:

	Million
Medical institutions and health services	1.2
Educational institutions	1.1
National beautification	1.3
Welfare and home care	.7
Public protection	.35
Urban renewal and sanitation	.65
Total	5.3

2. In 1967 the Advisory Committee on Public Welfare made a similar recommendation.

3. In January of 1968 the Executive Committee of the Conference of Mayors called for a public service employment program to provide for 500,000 public service jobs immediately. Mayor William Walsh of Syracuse, New York, reminded us at the time that while the unemployment rate was going down between 1961–1968, the total number of unemployed persons in the U.S. has gone up, due to population growth.

4. Later in 1968 the exhaustive Kerner Commission Report listed as one of its Recommendations for National Action the creation of one million new jobs in the public sector in three years as well as one million in the private sector. The Commission felt that in the public sphere a substantial number of jobs could be provided quickly by local government in the vast areas of unmet needs: in education, health, safety and other municipal services.

5. In January 1969 the *Urban Coalition* released a study calling for 500,000 new jobs in six months as the result of a survey of public service needs in a sample of major cities. The report also said that by further planning the number might be expanded to a million more within a year.

6. The Bell System has supported the Urban Coalition report, adding that "No one expects business to do the whole job in the employment of the disadvantaged and clearly business can't do it alone."

Clearly, business can't do it alone. It cannot respond to the magnitude of the problem. The avowed goal of the National Alliance of Businessmen to make available 630,000 jobs in an effort spanning 3½ years is laudatory and would be a significant achievement, but still unemployment would not be at minimal levels.

In the past some job recruitment programs sponsored by big industry have tended to flounder on issues such as lack of transportation to the suburbs where most new jobs are. Further, there is a lack of low-cost housing in the suburbs.

Ghetto industry, including those financed by black capitalism, should be encouraged. However, the possibilities are somewhat limited due to lack of land, adequate buildings, and experienced workers. Although the few successful ghetto industries have attracted favorable publicity and have seemed like a way out of the dilemma, their employment of new workers has been relatively small.

If private industry cannot expand job openings, then the task falls to the government. A large public employment program is an acceptable means of income support, in the view of many citizens. Since a public job is not regarded as a "hand-out," many people who cannot support outright money payments to the able-bodied poor are willing to support public employment programs.

All of society would benefit from a widely expanded and efficient public service job program. There is no justification to belittle public employment as "make work," for our social needs are enormous. Our deteriorating schools are understaffed. In the District of Columbia during the recent violence in the schools, administrators called for more community aides to maintain order in the halls and classrooms and to provide liaison with the home. Our streets and parks could be made safer by auxiliary security forces. Our polluted environment could swallow up the efforts of large, clean-up crews. Our inadequate, costly health services could be improved by additional nurses aides, orderlies, lab assistants. This nation lags behind other Western nations in the provisions for day care centers. Our lack of low-cost housing is approaching the crisis stage.

The social cost of the job creation program to the nation is not great in the long run. Earned income reduces the need for welfare and other supportive services. Crime and delinquency are reduced.

The employed individual gains substantially. Employment builds self-respect and brings the individual closer to the mainstream of economic life. Employed parents are a model for children to emulate. Employment builds skills and experience which can be transferred to the private labor market.

ADA supports the O'Hara bill because it explicitly provides for Job Creation in Title III. Although the lack of a specific number of jobs is a serious defect, we feel the bill is a major step in the right direction.

The introduction to the O'Hara bill recognizes that it is within the capability of the richest nation on earth to provide every American who is able and willing to work full opportunity to obtain employment, commensurate with his ability. It faces up to the fact that the guarantee of employment for all requires public investment to the extent that the private sector is unable to provide such opportunities. It reiterates the great unfilled public needs in American life.

The Ayres bill is puzzling. It, too, explicitly mentions in its Statement of Purpose (Section 4) that "expansion of public service employment opportunities for unemployed, underemployed, and low-income persons will allow the Nation to meet more adequately the unfulfilled public needs in such fields as health, recreation, etc." However, the bill envisions only the preliminary training for those jobs. Sufficient funds are not allocated to underwrite the wages of those who would be put on the public service payroll. Once training is completed, the budgetary outlays would fall to the state and local governments which are, of course, most desperately in need of additional funds.

In Title V, Active Manpower Policy as an Economic Stabilizer, the Ayres bill rightly recognizes the government's urgent need to act in times of great unemployment. But the provision to provide funds for additional training in times when the unemployment rate goes over 4½% is again puzzling. The 10% additional allocation is entirely inadequate. And why should the government rely only on additional training? At such a time, the logic of the situation would suggest that the government create jobs.

Let us establish priorities. Our first priority now should be job creation. Training, where necessary, can follow job creation.

Mr. Chairman, the private enterprise system in America has traditionally played the major role in training workers on the job when job vacancies have existed and has trained them well. The Kerner Report reminded us that during the labor shortages of World War II, industry successfully employed large numbers of the previously unemployed and disadvantaged by lowering standards and restructuring work patterns so that the jobs fit the level of available skills. And, Mr. Leon Keyserling, in testimony before this committee a few weeks ago, said that during that war many who had previously been labeled "hopeless" and had been screened out made useful contributions to the war effort.

Now, let us turn to other aspects of the bills. First, consolidation. The manpower policy grew in a piece-meal fashion as Congress responded to pressing needs. So, today under the term "manpower acts" we have a complex array of different programs, controlled by several agencies, providing different services with different eligibility criteria and allowances. ADA applauds the fact that under each of the bills pending before this committee, the myriad of programs will be brought together into a single comprehensive program, with decategorization of funds.

Next, decentralization. In our Legislative Program for 1970, ADA supports decentralization, but only if coupled with incentives to modernize state and local government, improve the quality of their personnel and include private community groups in the delivery process.

There is nothing in the current manpower legislation or in the O'Hara bill which prohibits the Secretary from embarking upon a major decentralization of responsibility if he so wishes. Just as he now contracts with many private employers he has the option of contracting with public officials.

Of concern to us, however, is the plan, proposed by both the Ayres and Steiger bills, to decentralized manpower administration by vesting control of the manpower programs in the hands of the state governors.

It is inevitable that the state comprehensive manpower agencies will be dominated by the state employment agencies. These have traditionally been more in the service of the employer than the employee. Their very function in the past has been to screen out the disadvantaged.

The Kerner Report took a dim view of present employment services, suggesting the need for restructuring.

Some changes have taken place. The local Concentrated Employment Programs (CEP) which provide training, placement and supportive services for the hard core unemployed have been an important innovation. The success of the programs stems from active efforts to develop new jobs and get rid of unrealistic job qualifications.

As to the ability of the Employment Service to meet the challenge, it is significant that the Secretary of Labor in his defense of the system in recent testimony has referred only to numbers of disadvantaged handled and not to any evaluation of the quality of the service. To this there has been a generally negative reaction. As to the composition of the Employment Service, the Secretary points out that minority groups members now make up 14 percent of the staffs of the 50 Employment Security Agencies, as opposed to 12 percent two years ago. It is noteworthy that he has not talked about the level of the jobs which are uniformly low for blacks.

It will take massive effort to transform the employment service into a modern manpower agency and for years to come federal direction is urgent. Otherwise, the disadvantaged will be at the mercy of the same bureaucratic apparatus which has been unresponsive to them for years.

Secretary Shultz recognized the need for increased federal direction of the employment service when he served on a Labor Department Task Force in 1965 to review the operations of the employment service. He is on record as saying that "Our feeling in the Task Force was very strong that the rates of pay, the training arrangements, the managerial development aspects, you might say, of the Employment Service were not nearly as good as they could be and should be, and we would hope for some strong work and leadership from the federal government in bringing these things along."

Until the strengthening of the Employment Service occurs, there should be opportunities for the Secretary of Labor to deal with alternative agencies in providing some of the necessary services in the manpower field. The Secretary of Labor has this power now, but his authority and latitude would be severely cramped under the Ayres bill where the governors have so much authority to develop plans and implement them.

The vesting of the power in the governors, and the general rural-suburban orientation of state governments will short-change the cities. Standard Metropolitan Statistical Areas are to be used to insure that funds end up in local communities. If funds are misdirected, the Secretary of Labor, under the Ayres bill, is supposed to intervene to insure that funds attributable to a community are spent there. Is it politically realistic to expect that the Secretary will try to compete with the clout that the governors have on a state level?

In case of veto by the governor of a mayor's plan, will the Secretary interfere and over-ride the veto? It is most unlikely.

Further, the poor within the cities will be short-changed. The Community Action Programs and the Concentrated Employment Programs have pioneered new methods of contacting and dealing with the poor. In cases of acrimony between the CAP's and city hall, there is the real danger of the former being suppressed. In the south the civil rights groups have little weight with the mayors or any other public officials. What will happen to these groups without the support of federal officials? Local racist policies necessitated the federal programs in the first place.

The experience of community action groups in local planning and citizen participation may be lost. These community groups have provided a healthy competition with more established community agencies, causing them to modify their ways. It is their emergence as influential local forces which has been one of the greatest innovations of the manpower programs.

In conclusion, we support the enactment of the O'Hara bill because of its flexibility of administration and its explicit commitment to public service employment.

I want to emphasize the principal points made earlier in this testimony. Public service jobs are an essential need if we are to improve the quality of American life. The Automation Commission, the Kerner Commission, and the other studies cited here today have emphasized that development of public service employment is not creating "make work" but is fulfilling real and urgent public needs. We cannot, in fact, meet the great challenge of America—the achievement of quality life—without these public service jobs.

There are times in American life when several great needs can be fulfilled with one program. This is such a time. We can at once meet the needs for better services in the public sector of American life and at the same time give to millions of our citizens an opportunity to work in creative employment. We would urge that the O'Hara bill specifically authorize the creation in the next fiscal year of one million public service jobs, funded with a $5 billion appropriation.

This Congress has a unique opportunity and a real responsibility. It can seize that opportunity and meet its responsibility by passing the O'Hara bill modified to provide the one million public service jobs so essential to American life.

Mr. Duffey. For 24 years our society has been working toward the goal of achieving full employment and providing opportunities for useful full-time work at decent wages.

We have, as has been pointed out earlier this morning, evolved an economy for which we have a great need for skilled labor at one end and a large group of people who have essentially lived in a colonial situation at the other end, who have not found work.

The statistics to which you have alluded earlier this morning of, now, 3.5 million without work, another 6.7 million subemployed because of low wages, and, indeed, according to the best estimates, probably several other millions who are outside the labor force because of discouragement or inability to meet the minimum qualifications. This demonstrates the continuing problem of trying to provide full employment.

There are commendable aspects to all of the three major bills before this committee. I think they all take advantage of some of what we have learned in the last decade through manpower training programs. They all attempt to decategorize the funds. I think this is a very good move.

They all try to consolidate these services. They all, I believe, are aimed at the principle of decentralization, and allowing of flexibility and return control to the local level.

Our concern is with the demonstration now after a decade of manpower training programs that simply the provision of training is not enough, that we must move now, the Federal Government must move, to the area of job creation. We would challenge the assumption that enough jobs exist in private enterprise to bring down the unemployment rate, because the job shortage in private enterprise does not seem to gear in with the capabilities and needs of those who constitute the the group seeking employment.

We therefore want to testify in behalf of job creation as the No. 1 need today. We believe the basic manpower programs of the 1970's must be large-scale creation of jobs in the public sector.

We are simply reiterating the recommendations here made in 1966 by the President's Commission on Technology; the Advisory Committee on Public Welfare; the Executive Committee of the Conference of Mayors; and by the Kerner report.

We are simply suggesting that we now must couple manpower training with job creation. We are not talking at this point about make-work. We are talking about socially needed jobs, useful jobs, to help in the staffing of schools; to help in the maintenance of public order and safety; to help in the cleaning up of the environment; in the postal service and a number of other areas where we suffer in this country from a kind of public poverty.

We are suggesting that the social cost of job creation to the Nation would not be great in the long run, because earned income would reduce the need for welfare and other supportive services and reduce the level of crime and delinquencies.

The ADA supports the O'Hara bill, because it provides for job creation under title III. The lack of a sufficient number of jobs, I think, is a serious defect, and I will comment on that in a moment.

We think the age limits in the O'Hara bill might also be reconsidered. I think the Ayres bill is particularly puzzling, because it talks about the expansion of public service employment opportunities for the unemployed and underemployed, which would allow the Nation to more adequately meet the unfulfilled needs in such fields as health and recreation, but the bill seems to envision only preliminary training for such jobs.

The economic stabilizer provision in that bill, I think, does recognize the use of manpower training and its relation to the general health of the economy as an economic tool to try to stabilize the economy.

But we think the priority now must be, first, job creation. The experience of this country in World War II, as pointed out by Leon Keyserling when he appeared before this committee, demonstrates that if job creation is the first priority, training will follow—that the flexibility of American industry was demonstrated in World War II—and we will simply follow the creation of jobs with appropriate training and supportive services.

Let me just mention other aspects of the bill. We do support the consolidation, which is part of all three bills. ADA supports decentralization, but it should be coupled with incentives to modernize State and local government, and to include private groups in the delivery of processes.

I think what we have learned in the last part of this decade about the importance of community participation is recognized in the three bills before us, and primarily in the O'Hara bill.

We believe that the decentralization is essentially a principle of style—of administration and aims of programs—and that the O'Hara bill which does less to specify relationships to States and cities provides the best flexibility for creative administration, and we have argued that the particular provisions which put in the hands of the State governments the direction of these programs are not in the best interests of the cities.

We have suggested that what results here is that the Secretary of Labor's main function becomes essentially a negative one, in responding to protests on behalf of cities to programs that are drafted on the State level.

Let me just skip, then, to the close of the testimony to say that there are times when Congress faces the opportunity of meeting several needs with one program, and this is such a time.

We can meet the needs for better services in the public sector of American life and at the same time provide, and actually deliver, on the promise of full employment by providing millions of citizens an opportunity to work; providing them a career ladder, and supportive services.

Therefore, ADA urges the O'Hara bill, which specifically authorizes job creation.

That is supported by this committee. But beyond that, there should be an authorization in the next fiscal year of 1 million public service jobs, funded with a $5 billion appropriation. We need these jobs. Not simply are the people ready and willing to work in our society, but all of those who share in the quality of life in this society will be helped.

This is the way, it seems to me, after 25 years that the society can do something about the poverty of its public services, and do something about the unemployed.

Mr. DANIELS. Thank you, Mr. Duffey.

Mr. Steiger?

Mr. STEIGER. Mr. Chairman, I assured Jim O'Hara a warm endorsement of his bill.

I wonder whether you would be willing to go beyond the public service employment you discussed in your statement. Would you agree that if we really want to talk about public service employment, then we ought not to be limited to the kind of make-work jobs that you are suggesting, but rather we ought to talk about road construction, or we ought to talk about other kinds of public works employment. Is that fair?

Mr. Duffey. Yes, but I think given the help needed in schools—given the great number of subprofessional jobs needed in health—I would not classify what we have specified here as make-work. Beyond that, you are describing many of the areas I think I would rather see work in—I would rather see more work in urban transportation than in highways, but I quite agree with you.

The O'Hara bill, again with great flexibility, provides for contracting, both with private agencies as well as other governmental agencies for a great number of socially useful purposes. But I quite agree that the definition could be quite broad.

Mr. Steiger. You are assuming a cost of about $5,000 per person a year. How do you see that breaking down? Since I would assume that it would be necessary to provide supplementary education and training, transportation, and possibly other services as well as the specific wage levels to maintain a person in public service employment; how does this break down?

Mr. Duffey. It would be our hope that it would be possible to provide an income that would make enough of an incentive to pull people into the program. This was one of our continuing problems in this society, that many people who do a full week's work still don't rise out of the poverty level.

I would try to break it down in terms of income at the poverty level—$3,400—the difference between that and $5,000 being in the area of supportive services.

I think what we would have to do is try, and this is the essential and good feature, I think, of all these bills. With the decategorization of funds, there would be a question of phasing here.

My guess is that in the training phase the cost could be averaged out at about $5,000 per man.

Mr. Steiger. How long do you see these running? Is this a permanent program? In other words, what do we do with the man, or woman, in a public service job? Do we propose that they remain on that job?

Mr. Duffey. The areas we are talking about are areas where there is going to be public need. We need more supplemental help in the health field. We need more aides in schools. We need daycare centers. Those, I presume, are going to be continuing needs.

If we can provide this kind of work experience and opportunity, I assume what we are beginning is a career ladder in which people hopefully, then, are moving up into private industry, moving on so that we are moving people through a program.

At the present time, it would seem to me that the needs we are describing here, and I think that is what the Commission on Technology was saying, and what the Kerner report was saying, are on-going needs of our society.

Now, the stabilization clause in one of these pieces of legislation does suggest that public employment—you have a triggering mechanism, so that it is related to the whole problem of unemployment. I think that is essentially a good provision.

I don't think anyone has adequately costed that out yet. The present provision talks about 4.5 percent, and if you have that for 3 months, then you immediately trigger in a 10-percent rise in the funds available.

I think the needs we are talking about, the basic needs of up to 1 million jobs, are simply going to be with us from now on.

Mr. STEIGER. I am fascinated by two things. One is the emphasis that you and many others place on the role of the Governor versus the role of the mayor and the assessment of the Steiger and the administration bills that we are puting too much emphasis on the Governor at the expense of what you call the city.

I must admit that I am terribly unconcerned about either the State or the city. I am concerned about the people who are served. It doesn't make any difference to me who does it as long as we serve those we intend to serve.

The second point of interest from my standpoint is this combination of the ADA philosophy and the puritan ethnic on the creation of jobs.

I am unpersuaded, based on your testimony, or on anything else I have seen, that we will achieve an incentive for people to move off public welfare, or public service employment, or that we can continue to make the assumption that people are going to be interested in this kind of job in the society we live in today.

I have as yet not found anybody who has been able to give us any kind of real answer about why we ought to establish a large-scale public service employment program, because we did it in the 1930's and, therefore, it is appropriate in the 1970's

To say that you need things, they are socially useful—your words "socially useful"—what is socially useful? It relates not to society, but to people. Nothing that you said, nothing that Leon Keyserling said, or that George Meany will say—except that he will disagree with you—gives me any reason to say that we should move to this kind of program in 1970.

Mr. DUFFEY. Despite the exchanges that went on with the prior witness, there is a concomitant problem here in the shape and interest after balance of our own economy. We have come to accept the fact that the role of the Federal Government is to stimulate, to subsidize, to play a rather direct role in trying to shape the kind of economy that is stable, healthy, and productive.

Suppose one looks at this from the basis of that, and sees an economy off balance; an economy in which, for 40 percent of the families in this country, the working wife has simply come to be taken for granted; in which not only this, but in terms of those who are in the poorest category there is an enormous need for daycare centers.

I think we are more and more moving into the direction of that need. Jobs have to be provided. It does not seem to be a need that is going to be made profitable in terms of private enterprise, at least not without a substantial amount of Government incentive and push to create those jobs.

What we have is a society that has simply not achieved the full employment we have promised, and probably won't. We are talking now about structural unemployment as a permanent feature of our society. We have a sociey, on the other hand, with needs.

If you couple the two of those together, not simply for the sake of people looking for work, but for the sake of moving people up, for the sake of getting some things done, to do the health job that has to be done, assuming that we might someday distribute health equally in this society, so that it is accessible to everyone, the enormous strain on our facilities, the great need for manpower, means the Government must move in to balance out.

We have done that for transportation, or aviation, in the defense industry itself, we have played a rather major role, the activity of the Government in providing a shape and direction for our economy.

In this area, it seems to me we might talk about the kind of economy we want, the kind of balance, and I think that is a strong balance. At least it appears to me to be half of exerting Government influence and investing some of our resources in these directions.

I think essentially that is the kind of competitive situation we are in in trying to prove that the free economy by which we operate can be also one that involves progress and keeps the morale of its own citizens.

Mr. STEIGER. I very much appreciate your comments this morning. It is the kind of dialog I would like to carry on. I will not go any further at this point, however.

Mr. DUFFEY. I think of all the bills available, yours was the one that had the courage to address the question of funding, and I appreciate that in your bill.

Mr. STEIGER. Thank you.

Thank you, Mr. Chairman.

Mr. DANIELS. Mr. Duffey, you endorsed the O'Hara bill, but did express some dissatisfaction with parts of it.

As I look at the bill, it makes reference to eligible unemployed persons, it makes reference to the ages between 18 and 65. Do you care to comment about that, and give us your views?

Mr. DUFFEY. I think it is possible to lower the end of that scale, to begin programs at the age of 14, by talking about employment possibilities.

We still live in a society in which more young people between the ages of 15 and 25, or more young people in that general age range, are ending up on the streets unemployed, or in factories than they do in higher education.

I have a feeling that on that end of the scale certainly the age could be lowered, possibly to 14. At the other end of the scale, it seems to me there that it is also possible to talk about the kinds of employment, perhaps particularly in the area of recreation and community activities that might involve individuals over the age of 65.

I think what I would be happiest with would be the striking of that particular provision and that limitation.

Mr. DANIELS. In other words, do away with all age recommendations?

Mr. DUFFEY. I think that provides more flexibility for imaginative programs that might be involved at either end of the scale, yes.

Mr. DANIELS. On page 8 of your statement, you seem to indicate that the vesting of control of manpower programs in the hands of the State Governors is frowned upon by you, and the administration bill would provide to the State Governors, the power to veto, over the programs of local communities and therefore frustrate the wishes of the mayors.

Would you care to elaborate on that?

Mr. Duffey. We are all struggling now, aren't we, with what decentralization means, how to get the services back to the people most directly involved.

I think that does not necessarily mean a kind of specification of the State level. As I see it here, the political pacts in this country are that there is not always a perceived mutuality of interest and concern between State governments and cities. We have a kind of political problem there.

I think that my problem with the two other bills are restrictive, the O'Hara bill by not specifying the route, allows for the kind of innovation and experimentation which, first of all, would continue the already good relationship with some local community groups, which have provided good competition for the traditional agencies.

I think it is a severe limitation on the creative possibilities of the office that is administering the whole program, to give them only the role of responding to what is essentially a protest situation. As we say here, we find it hard to imagine that the Secretary will override—will be willing to override the political clout of the Governor in behalf of the local government nor in behalf of a program.

Mr. Daniels. Don't you think we must provide a break somewhere along the line, whether it be at the Federal level, the State level, or some other place in between, to make sure the program is carried out for the purpose for which it was intended, and that those managing it and supervising it do not arbitrarily do what they want and frustrate the purpose of the program?

Where would you apply that pressure?

Mr. Duffey. We have been moving in that direction by the encouragement of community participation, and by the flexibility of working through whatever agency seems to be able to do the job best.

So I think the latitude for proceeding that way, or continuing to proceed that way, would best insure what, quite granted, is necessary, a break in monitoring, but it would be, I think, on the local level.

Mr. Daniels. Mr. Steiger?

Mr. Steiger. Don't you run the risk, Mr. Duffey, if you maintain that posture, of continuing the fragmentation of programs and services and perpetuating the situation that exists today in the local community, that is, as a man often is shunted from one program to the other, because in one instance there isn't enough money in the program, or it is an NYC program and he is too old, and so forth.

I am disturbed, I must say, by your analysis of this problem of the delivery of services, that you think you get a better break out of the Secretary of Labor contracting directly to a variety of groups.

Mr. Duffey. The terms of the legislation that is before this committee, the O'Hara bill would give the flexibility. You describe a problem we are struggling with in the decade, especially the latter half of it, in overcoming the fragmentation. That is essentially an administrative or program design problem. I would be more hopeful that we would be able to continue to make progress in that direction with the flexibility the O'Hara bill provides, rather than the rigid specification of the Governor as the central office.

I am not sure that the offices of the Governors are prepared at this point to move. I am not sure that is the best relationship to establish between the cities and the Secretary of Labor.

Mr. Steiger. But in the administration bill, the prime responsibility is given to the mayor within an SMSA.

Mr. Duffey. I understood that it was a pass-through coming back the other way, and perhaps I misunderstood it. In other words, if there is a protest which goes through the Governor's office, then there might be established a relationship. Am I wrong about that, is there a direct provision?

Mr. Steiger. It is direct. My bill does not do this, but the administration bill does provide the direct pass-through.

Mr. Duffey. Under what conditions?

Mr. Steiger. Under a condition that provides that the central city mayor be recognized within the SMSA geographical area as being responsible for manpower programs.

There is a relationship with the Governor, but the Governor at that point does not have the direct responsibility that is given to the mayor of the central city.

Mr. Duffey. It does put the Labor Department, then, in a political situation between the two, between these two jurisdictions.

Mr. Steiger. Not necessarily. I am not as worried about that point as you are.

I wanted to touch on one other thing you mentioned.

I concur that we don't want to put a new agency, Community Action Agency, State employment service, or any other agency in the position of being given all of the responsibility. I think competitiveness makes sense.

However, don't we really get to the point where we have to make a choice—at least this is the Labor Department's response on this problem.

They are saying, "This is an established agency, and if we don't like what it is doing, either we work to improve it or end it."

My answer to that would be that we work to improve it. Do you think that that is reasonable?

Mr. Duffey. I quite agree with you. I think the answer to the question is that we have made progress in improving it. We have done it by stimulating competition. We have been trying to consolidate, and my experience encourages me that we can continue to make progress.

I am not ready to ditch it. But I think we might make more progress by continuing to allow maximum flexibility for the Department of Labor in the administration of the program. My hope with regard to all institutions is like individuals, that sometimes slowly they do learn and do respond, and I think there is some evidence that is happening.

I would hope to see the maximum possibility for that to continue to happen.

Mr. Steiger. Thank you.

Mr. Daniels. Mr. Duffey, I want to thank you and your associate for coming here this morning. I read your statement very carefully, and I want to say to you that it is a very fine statement, and indicates to me that you have done some research and put a great deal of time on it.

Mr. Duffey. Thank you, Mr. Chairman.

Mr. Daniels. Your views will be given careful consideration by all the members of the committee.

Thank you. We appreciate your appearance here.

Mr. Duffey. Thank you.

Mr. Daniels. We are adjourned. We will convene tomorrow morning in this room at 10 a.m.

(Whereupon, at 10:35 a.m., the subcommittee adjourned, to reconvene at 9:30 a.m. the following day, Thursday, February 19, 1970.)

MANPOWER ACT OF 1969

THURSDAY, FEBRUARY 19, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Gaydos, Scherle, Quie, Steiger, and Erlenborn.

Staff members present: Daniel H. Krivit, majority counsel; Charles Radcliffe, minority counsel for education; Martin LaVor, minority legislative coordinator; Sue Nelson, research assistant; and Cathy Romano, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

Our first witness this morning as we continue hearings on manpower is Hon. Creed Black, Assistant Secretary of Legislation, Department of Health, Education, and Welfare. Mr. Black, I note you have a prepared statement. You may read your statement or give your testimony extemporaneously, as you desire.

STATEMENT OF CREED C. BLACK, ASSISTANT SECRETARY FOR LEGISLATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY WARREN ROUDEBUSH, MANPOWER ASSISTANT, OFFICE OF PLANNING AND EVALUATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. Black. Thank you, Mr. Chairman. First, I want to say that Secretary Finch asked me to express to you and the other members of the committee his regret for not being here. He had accepted your invitation to appear because he has worked very closely with the Department of Labor and Secretary Shultz on this bill and supports it quite strongly and had wanted to be here to present his views.

Unfortunately some last-minute complications arose, including the fact that, as you know, our appropriations bill comes on the floor today. We also have some fast-moving developments in connection with the family assistance plan, to which this particular bill is very closely related.

So the statement I am presenting is, of course, the view of the Department and has the full support of Secretary Finch. With your permission, I would like to go through it quickly because it does summarize our position on this legislation.

The bill, as I said, is of vital concern to our Department. We helped draft it. We have a major role in it, and we participate in several critical ways in the general direction of these programs.

More significantly, the bill establishes a framework for coordination between programs of the Department of Health, Education, and Welfare and the manpower activities of the Department of Labor.

Our Department has a major role in the conduct of career education and manpower programs in the larger sense of preparing people for the world of work. The declaration of findings (Sec. 2(5)) in the bill identifies the major responsibility to provide academic, technical, and vocational training as resting on the public and private educational system:

> The public and private educational system has the major responsibility to provide the academic, technical, and vocational training opportunities necessary to prepare attending students for the world of work. This system must be strengthened to achieve its goals, and its success is critical to lessening the need for remedial manpower programs.

We also support programs of vocational rehabilitation for the handicapped, and our efforts in welfare reform to assist recipients achieve economic self-sufficiency fit in here. We are concerned with the development of supportive services for manpower programs, such as day care.

On the other hand, we have a manpower development interest—for example, in finding ways to alleviate shortages in the health and educational occupations and other human services fields.

I identified above the major responsibility of the educational system in providing opportunities for people to prepare for work. But the fact of life is that conventional schooling no longer is an opportunity available to many of the millions of unemployed and underemployed persons who have dropped out or been selected out or are disadvantaged in some other respect.

These people are the target of remedial programs, where they may receive a combination of:

Basic education, including literacy and communications skills,

Outreach, counseling, and placement and follow-up services,

Orientation to work discipline and work experience,

Institutional and on-the-job occupational training,

Supportive services, including health, day care, and others, and other help as listed in section 101, "Eligible Activities," of the proposed legislation.

Surely we aim to strengthen the educational system to lessen the need for remedial manpower programs. But this does not mean we should lessen our efforts in remedial programs, which call on the talents not only of the schools and employment services but also the welfare, rehabilitation, and other public or private agencies, as well as employers and organized labor.

There is a metaphor in current circulation about "stopping the flow" of additional persons into the "pool of disadvantaged." This is a good figure of speech only if all its implications are understood. We think there has been some misunderstanding that this is an either/or issue. On the contrary, as Mr. Calkins, Chairman of the National Advisory Committee on Vocational Education, pointed out in his excellent testimony before this committee:

> The Council does not recommend that funds be shifted out of existing manpower programs. We believe that more Federal funds should be allocated to the flow of untrained youth but not at the expense of the funds now allocated to the pool of the unemployed.

This statement is not at all an attack on provision of remedial programs to the pool of disadvantaged, although it is coupled with recommendations of increases of Federal investment in preventive measures.

It is not correct to assume that the pool is made up simply of persons whom the school system failed to train with marketable skills. The characteristics of these people reflect a variety of socioeconomic disadvantages and handicaps. Overcoming these handicaps is a more complex problem than skill training alone, important as that is.

I am hopeful that education will perform an increasingly effective part in "lessening the flow." The Congress in the Vocational Amendments of 1963 urged attention be given to students with special needs. In the 1968 amendments the Congress pushed harder and ordered earmarking of funds for this purpose.

I am told that the State plans reviewed this year give evidence of real effort to respond. The efforts of the professional associations—and I note the American Vocational Association in particular—are enlightened and dynamic.

I think we are headed in the right direction, but it takes time. You have heard of the "Right to Read" campaign. Commissioner Allen has carried the word across the country on this. When every citizen has this essential communication skill we won't have to use manpower training funds to teach adult basic literacy.

Meanwhile—now—we need the remedial manpower programs. I think we all recognize, however, that we have reached a point when we should take stock of what we have learned and set about the establishment of a unified system to serve the best interest of trainees, employers, and taxpayers.

The proposed Manpower Training Act has been drafted to do this. It would consolidate major remedial program authorities. It would provide more flexible funding. It would encourage, on a careful and graduated basis, the decentralization of program planning and administration to State and local jurisdictions.

The first two points, I believe, are generally acknowledged to be needed. The third point, the decentralization pattern, breaks new ground and warrants clarifying discussion.

This is the "New Federalism." It provides, in President Nixon's words on introducing this bill, for "the gradual transfer of greater power and responsibility for the making of Government decisions to governments closest to the people." And it places reliance on the highest elected officials, the Governors and the mayors, in their respective jurisdictions.

I want to stress conceptual features of "New Federalism." It is a system of dividing and allocating responsibility and authority among Federal, State, and local governments—to assure performance of government business at the level where it will function most effectively.

It involves, for example, assuming as Federal functions those things which can best be served on a national scale, as with income maintenance. This concept is most clearly reflected in the family assistance plan.

It assigns service program jurisdiction to State levels and provides a further authority and responsibilities for local areas. It retains, however, elements of Federal stewardship, such as setting standards for exemplary performance.

As illustrated in the proposed legislation the "New Federalism" seeks balance and endeavors to regularize the Federal approach to the State-local relationship by insisting on a planning and funding pass through. This is a further application of the revenue-sharing principle.

It would be a mistake, we believe, to view the system proposed in this bill as a simple "States' rights" issue. We do not believe the Federal role is to retail services. But we do believe that the legislation should vest overall stewardship at the Federal level, with decentralization of State and local planning and operation to those respective jurisdictions.

Now, having sketched some of the significant aspects and features of the proposed legislation, I want to talk to some of the issues that have been raised in the 6 months this bill has been pending which affect the Department of Health, Education, and Welfare. To get right on target I'll frame these propositions with which our Department can't agree:

No. 1. "The bill is a Labor Department bill. HEW has sold education down the river."

ITEM

The bill has nine explicit provisions calling for HEW concurrence or approval and five additional provisions for consultation. I offer a three-page listing of these for the record. I think they cover all our HEW interests.

The development of this legislation made us aware of the many manpower responsibilities represented by our programs and the major role that our Department has in the total Federal manpower effect. The sum of these is indicated in a key provision of this bill, section 104(b):

> The Secretary shall determine whether a State plan meets the requirements of this Act: Except, that with regard to programs (or program components) authorized to be included in such plan under section 104(a) which are of a health, education, or welfare character or which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare, the plan may not be approved without the concurrence of the Secretary of Health, Education, and Welfare. Such programs include basic education; institutional training; health; child care and other supportive services; new careers and job restructuring in the health, education, and welfare professions; and work-study programs.

Our review also made us aware of the various interdepartmental relations we have had in coordination and administration of our programs—principally with the Department of Labor. We noted the absence of an effective formal mechanism to maintain overall policy review and control on a continuing basis.

To correct this, the Secretary of Labor and the Secretary of Health, Education, and Welfare are formally establishing a joint committee on manpower programs at the Assistant Secretary level. Under its direction task forces and working teams already established will maintain continuous coordination of policy formulation and review. The focus is on the proposed Manpower Training Act, the proposed family assistance plan, and other related matters.

No. 2. "The bill would set up a dual school system." This one really baffles us. It never seems to get spelled out. But first of all we would never approve such plans, and we have the authority I just indicated to prevent that. Secondly, we think the purchase of service language in section 102(a)(1) is about as strong as we could make it to require the manpower agency to use the facilities and services of Federal, State, and local education agencies, and provide reimbursement when needed.

No. 3. "The umbrella agency would swallow up HEW's counterpart agencies at the State level—i.e., vocational rehabilitation and vocational education." The two agencies would go into the comprehensive manpower agency only if the particular State desired this or if the Secretaries of Labor and of HEW concurred on it. I think this would usually require an act of the State legislature. Frankly I question whether we have such superior wisdom in Washington that we should gainsay the States this option.

Further, you may be interested to know that State rehabilitation agencies, for historical reasons, were initially lodged in State departments of education. Currently about 40 of them are still so placed. As you may know, these agencies pioneered many of the client-centered services now adopted in the best manpower training efforts and contemplated in this act.

No. 4. "Directing these programs through the States will shortchange the big cities." Sec. 601 contains a "pass-through" provision whereby the Secretary of Labor by statutory formula shall designate a minimum share of the State funds to standard metropolitan statistical areas and other areas he considers appropriate.

Moreover, when an area plan has not been included in the State plan the Secretary of Labor may, on request, determine that it shall be included.

No. 5. "The poor are not included in the system." In fact, however, they are. The State planning council and in turn the area advisory councils must include "typical client groups, including low-income groups, to be served by the programs." Also, the annual plan must provide for participation of low-income groups in the planning and evaluation of State and area programs.

As a final topic I would like to discuss this bill in a broader context, as a part of the "income strategy" of this administration. Three major bills before the Congress—the family assistance plan, the food stamp program, and the Manpower Training Act—reflect this strategy.

It stands on two legs: the provision of training, work incentives, and employment assistance for those who can work; and the reform of income maintenance programs, including national minimums and eligibility standards, for those who cannot.

Notable in the family assistance plan is the ground-breaking concept of assistance to the working poor. It includes the scaled incentives to increase of earnings. It also contemplates emphasis on upgrading and training opportunities. We hope to allot a substantial number of slots for this latter emphasis.

I think we can also get more mileage in providing upgrading and training opportunities at the postsecondary level through the guaranteed student loan program. In the past 3 years loans totaling $3.2 billion have been guaranteed for 2.5 million students.

All apart from higher education institutions there are 3,500 eligible vocational schools, ranging from junior colleges, technical institutes, paramedical occupations schools, business schools, welding schools, flight training schools, and on to barber colleges—where students can attend with guaranteed loans.

In closing I would mention one of the Lincoln quotations I heard last Thursday: "Two men can differ, and both be right." I think that is a useful observation with regard to the subject before us. There are three manpower bills pending before you. They differ but all three of them are right on the basic need to move toward a single, comprehensive manpower bill and administration system.

Much case has been given to the design of the system set forth in this bill. I think it is the correct approach but we have little doubt that it can be improved and perfected. We are eager to examine any criticism or suggestion that can lead to improvements.

(Concurrence or agreement follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE PARTICIPATION IN MANPOWER TRAINING ACT OF 1969

CONCURRENCE OR AGREEMENT OF DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE REQUIRED

1. Sec. 102(a)(1)(B).—*Composition of State Manpower Agency.*

Secretary of Labor may not refuse the 66⅔% grant because of decision of State not to include vocational education and vocational rehabilitation agencies unless Secretary of Health, Education, and Welfare concurs in refusal.

2. Sec. 102(b).—*Standards of Exemplary Performance.*

The Secretary of Labor shall obtain concurrence of Secretary of Health, Education, and Welfare with regard to program components described in section 104(b) in promulgating standards of exemplary performance for 100% grant.

3. Sec. 104(a)(1).—*Rules, Regulations, Standards of Performance, of Guidelines on Conduct of Programs.*

The Secretary of Labor shall have the concurrence of Secretary of Health, Education, and Welfare in establishing rules, regulations, standards, or guidelines relating to section 104(b) programs.

4. Sec. 104(a)(3).—*State Manpower Planning Organizations.*

The Secretary of Labor and Secretary of Health, Education, and Welfare jointly prescribe standards for designation of existing bodies as State manpower planning organizations.

5. Sec. 104(b).—*Approval of State Plan.*

"The Secretary of Labor shall determine whether a State plan meets the requirements of this Act: Except, that with regard to programs (or program components) authorized to be included in such plan under section 104(a) which are of a health, education, or welfare character or which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare, the plan may not be approved without the concurrence of the Secretary of Health, Education, and Welfare. Such programs include basic education; institutional training; health, child care and other supportive services; new careers and job restructuring in the health, education, and welfare professions, and work-study program."

6. Sec. 106(e).—*Determination of Non-Compliance of State Planning.*

The Secretary of Labor must have concurrence of Secretary of Health, Education, and Welfare in any determination of non-compliance respecting those matters to which his concurrence as required in approval of grants under section 102 or 103(a).

7. Sec. 111.—*Program Administration by Secretary of Labor.*
When the Secretary of Labor is authorized to conduct programs directly or through appropriate arrangements through public or private agencies, he shall first obtain concurrence of the Secretary of Health, Education, and Welfare with regard to conduct of section 104(b) programs.

8. Sec. 301(b).—*Experimental and Demonstration Projects.*
Where experimental and demonstration projects require institutional training, appropriate arrangements for such training shall be agreed to by the Secretary of Health, Education, and Welfare.

9. Sec. 101(d).—*Unapportioned (20%) Account.*
"In conducting any programs described in section 104(b) the Secretary of Labor shall first obtain concurrence of Secretary of Health, Education, and Welfare."

CONSULTATION WITH DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE REQUIRED

10. Sec. 301(b).—*Experimental and Demonstration Projects.*
The Secretary of Labor shall consult, where appropriate, with the Secretary of Health, Education, and Welfare and other agencies in establishing programs.

11. Sec. 305.—*Training and Technical Assistance.*
The Secretary of Labor shall consult, where appropriate, with the Secretary of Health, Education, and Welfare in providing training and technical assistance.

12. Sec. 503.—*Economic Stabilization Program.*
In carrying out the program, the Secretary of Labor shall consult, where appropriate, with Secretary of Health, Education, and Welfare and other agencies.

13. Sec. 603(a).—*National Manpower Advisory Committee.*
The Secretary of Labor shall consult with the Secretary of Health, Education, and Welfare in appointments to NMAC.

14. Sec. 604.—*Inter-Governmental Advisory Council.*
The Secretary of Labor shall consult with the Secretary of Health, Education, and Welfare in establishing the Inter-Governmental Advisory Council on Manpower.

Mr. Black. Mr. Chairman, with me this morning is Mr. Warren Roudebush, Special Assistant for Manpower in the Office of Planning and Evaluation for HEW. We would be glad to answer any questions that we can or try to obtain answers from the program experts for the record.

Mr. Daniels. Thank you, Mr. Black. I am sorry the Secretary is unable to be here but you gave a very, very fine statement on his behalf. I am going to forego asking questions at this time and call on my colleague from the State of Pennsylvania, Mr. Gaydos.

Mr. Gaydos. Thank you, Mr. Chairman. We have in the bill, the proposed bill, section 104(a)(1). In essence it states that the Secretary of Labor would determine those elements necessary for providing coordinated comprehensive assistance and would require that the States provide increased occupational opportunities for eligible individuals. That seems to be the area where I would like to ask the question.

This eligibility of individuals in the bill is unclear. Who would have the authority to determine eligibility as set forth under the terms of the draft bill? Is that among the Secretary of Labor, States, local officials, or mayor?

Mr. Black. I think, Mr. Gaydos, that I recall in reading Secretary Schultz' testimony that he discussed that at some length with you. It is an authority that would rest on standards promulgated, as I understand it, by the Secretary of Labor.

Mr. Gaydos. I think that would be an area we would have to have a little more explicity and I think there should be a change of language in there because we are talking about the thrust of this legislation to provide for greater State and local control of the programs.

How can we provide for local control in the management of programs when the Secretary can exercise and has a right to exercise the last measure of control over a program including the designation of an eligible individual?

Mr. Black. I wouldn't say that is the last measure of control over it. It seems to me it is one of the first standards to be laid down as to whom the whole program is supposed to apply to. The plan, as you know, is for the Secretary of Labor to set forth general standards under which the States are to carry out their programs and then to approve the plans which the States and localities themselves come back with.

I assume that the standards will be quite broad in this area. My understanding of the definition of eligibility that the Department of Labor has under consideration would certainly support that.

Mr. Gaydos. Following that same line, could you possibly conjecture as to what would happen if a mayor in a particular area wants a particular program and presuming that the Governor didn't, or if a mayor in an area suggests an areawide program and some of the suburbs indicate their displeasure or disapproval of his suggested program, who would resolve that impasse?

Mr. Black. The first attempt to resolve the impasse, of course, is through the State manpower agency and then through the Governor himself. If you have the total impasse, there are provisions in here for appeals to the Secretary of Labor.

Mr. Gaydos. Then, of course, you are having your Secretary coming right back in with the ultimate jurisdiction reserved to him and you are going to have your Federal Government involved in all areas and again the concept that you have made an attempt, I think, in the draft and your explanation to portray to us that the local and your State officials are going to have more control, won't practically work out.

Mr. Black. On the contrary, we think it would. The States and localities are going to have a much greater voice than they do now. This program would be similar to many others which this committee is certainly familiar with—programs in which the Federal Government exercises its role by setting out guidelines and standards that are to be followed and in which the States and localities then work together in adapting those to their own peculiar needs.

Mr. Daniels. Would the gentleman yield at that point?

Mr. Gaydos. Yes; I do.

Mr. Daniels. You make the point in your statement that you are embarking upon a new method of decentralization which is not in any of the programs today. The point, Mr. Gaydos, he is trying to bring out is that you are talking about decentralization to States and local communities, to give them more representation, more authority, and more control over the programs with less jurisdiction on the part of a Secretary of Labor or HEW.

On the other hand, the program has to be approved by the Secretary of Labor according to guidelines, rules, and regulations that he sets down and if they do not meet with his approval, he may reject them. This seems to be inconsistent with the point that you make of decentralization of the program.

Mr. Black. Mr. Chairman, with all respect, I don't think it is inconsistent at all, because there are a number of programs in our Department, for instance, which are operated the same way. After all, we are dealing here with Federal dollars. It has been our experience that the Congress is reluctant to turn loose of all control over those dollars.

What we are trying to do with this bill is to provide for the Secretary of Labor the opportunity to set certain standards and guidelines within which the program will work and then let the States adapt the program to their particular needs. The alternative to that would be to call all of the shots from Washington and there is quite a difference, we think. We have seen it in our own programs, and I am sure the committee has seen it in others.

Mr. Daniels. What happens in this situation where a mayor is in favor of a program and the Governor is not? Now in whose favor would the Secretary of Labor decide that issue, when you come to such an impasse?

Mr. Black. I would not presume to speak for the Secretary of Labor on that, and I don't think he could answer that kind of question in advance. I think the decision would be made in each case on an individual basis on the merits of that case. We don't foresee as much difficulty in this area as the committee apparently does, because this bill, you know, does have some rather attractive incentives for the States and localities to work together.

It also has advisory councils that would be representative of the various groups and levels of government which have an interest in this. It seems to us that the municipalities and States are going to be anxious to cooperate to take advantage of this kind of Federal program and to get the money that is available and to have the advantage of the additional control over the program that this sort of decentralization and flexibility would give them.

Mr. Gaydos. I wonder if you could hurriedly explain the community action agencies. What would be their status under this proposed bill? How do they fit?

Mr. Black. The community action agencies would fit in, I think, in two or three different ways. One would be in part through the kind of representation that we are talking about on these advisory groups.

Another would be that it would be possible for community action agencies to be designated in a particular area to carry out some of these programs.

Mr. Gaydos. But under the legislation they have no such status, do they? For instance, if the Governor of a State decided not to fund the action agency, that is the end of it, isn't it?

Mr. Black. I believe that is correct.

Mr. Gaydos. That would be one area.

Mr. Roudebush. The community action agencies' basic supporting fund is a direct grant from the Office of Economic Opportunity. Many of them added to their staff by being delegate agencies for manpower programs but they still would have a core support.

Mr. Black. The Office of Economic Opportunity will continue to carry out certain roles in this area, particularly in experimentation in manpower programs, and I would assume that they will continue to work with community action agencies in this regard.

Mr. Daniels. I call upon my colleague from Iowa, Mr. Scherle. Do you have any questions?

Mr. SCHERLE. Thank you, Mr. Chairman. Mr. Black, Mr. Roudebush, it is a pleasure to have you both here this morning and give us the benefit of your testimony. I would like to say in preface that up until about 10 days ago I was a real staunch advocate of this comprehensive legislation, but within the last 10 days, the more involved and more intrigued I have become in this legislation, I am no longer in a position to push for this legislation or rush it through.

In fact, I am now dragging my feet and I intend doing so as a ranking member of this committee. You have made us a little gun shy. Perhaps you are taking on a task here, or perhaps we are advocating such a task, of a complete umbrella over these agencies where they may lose their complete identity.

On page 3, the first paragraph, you make a statement: "The characteristics of these people reflect a variety of socioeconomic disadvantages and handicaps."

To pursue the question by my colleague from Pennsylvania, do you intend making this program a sophisticated OEO program such as we already have, by striking out for the socioeconomic disadvantaged and handicapped people to where this program might overlap and duplicate what is already being done by other agencies which will not come under this umbrella?

Mr. BLACK. No; I don't think so, Congressman Scherle. One of the fundamental purposes of this legislation, of course, is to eliminate that very kind of duplication. The OEO programs that have been conducted in this area, except for the ones in research and experimental programs, will be enveloped in this comprehensive program now.

Mr. SCHERLE. If I may continue, you quote the declaration of findings, vocational training has to be strengthened, yet since the Department of Labor will run the program, it has always been unfriendly to vocational education, how will you insure that vocational schools will be strengthened?

Mr. BLACK. First of all, we drew a distinction in our testimony between the basic educational programs that are carried out through our vocational education act, for example, and the remedial programs. We think that the vocational education program that we carry out will be strengthened because it will be coordinated with other programs that are doing on.

We get complaints now about duplication of effort, about the underuse of certain vocational educational facilities because programs of similar character are being started by private agencies or other groups. We think that this can cut down on that kind of duplication because there is, as I indicate in my testimony, a very stringent requirement in here that existing programs and agencies must be used under this comprehensive program.

Mr. SCHERLE. Is it historic that the Department of Labor has been unfriendly to the vocational educational philosophy?

Mr. BLACK. I don't believe that would be an accurate characterization of the Department of Labor attitude. But I think you should be asking the Department of Labor about their position.

Mr. SCHERLE. As far as I am personally concerned, if it were within my jurisdiction, I would dismantle HEW and set up separate cabinets for it anyway. It is cutting itself so thin through its magnitude of responsibilities that I don't think the people are benefiting under this sort of umbrella that we have put together.

You also make the statement on page 3 that when every citizen has essential communication skill, we won't have to use manpower training funds to teach adult basic literacy.

Secretary of Labor George Shultz has assured me that he is a strong supporter of vocational education. I think he is as capable of doing as good a job as anyone.

Is any of this intention or direction toward those that are illiterate going to be directed toward the schools in the future so there will be less need for adults to be classified in the category of illiteracy?

Mr. BLACK. That is the whole purpose of the right-to-read program that we are discussing in the testimony.

Mr. SCHERLE. How do you intend making this approach?

Mr. BLACK. Dr. Allen has announced that he intends to make this program a major goal of the Department of Education. I think he will be coming forward soon with some very specific plans in the area.

Mr. SCHERLE. What do you feel is the basic reasoning behind the case of illiteracy in our affluent society today, particularly in the schools? Where have we failed?

Mr. BLACK. Congressman Scherle, I think that is a question beyond my competence to answer. It is one for the professional educators, and Dr. Allen would be glad to discuss it with the committee.

Mr. SCHERLE. Mr. Black, if you are making a recommendation, I would consider your position here this morning knowledgeable enough so that some of these suggestions you are making could be confirmed or given at least more persuasion than to say that you just don't know.

Mr. BLACK. I am making reference here to a program which Dr. Allen, who is our Assistant Secretary for Education, our Commissioner of Education, and a lifetime educator, has coming out of his agency, and I think it would be much more profitable for the time of the committee to have him discuss that than for me to do so.

Mr. SCHERLE. It also might be profitable for you to know a little bit more about that subject matter too.

Now on page 4, you make the statement: "It involves, for example, assuming as Federal functions, those things which can be best served on a national scale, as with income maintenance."

Mr. BLACK. Well, as I pointed out later in the statement, Congressman Scherle, we have two different legs of our programs here. One is to provide services and one is to provide income maintenance for people—in some cases people who are not employable, who can't work, and in other cases to maintain the income of people with cash payments until they are able to enter the job market.

Mr. SCHERLE. Are you inferring then here that this has the work welfare program of President Nixon attached to it to where he will offer a basis of $1,600 to begin with?

Mr. BLACK. Yes; this income maintenance, as you know, is a basic part of our family assistance plan. This Manpower Training Act that we have here is also very closely coordinated with the family assistance plan, the thought being that people in the family assistance plan will register for training or work. We worked very closely with the Department of Labor in the development of the family assistance plan as well as in the development of this Manpower Training Act.

Mr. Scherle. It is my interpretation that the family assistance plan that was used previously under another administration is the guaranteed annual income?

Mr. Black. No; that is not correct, Congressman.

Mr. Scherle. What is the difference?

Mr. Black. The difference is that no adult breadwinner in the family would be guaranteed an income under this without registering for training and for work.

Mr. Scherle. If you are going to pay him without registering for work, then on what basis will you pay him that amount of money?

Mr. Black. That we are not paying him without his registering for training or for work. Dependent children would continue to get funds as they do now, but the adult would not. So we are not guaranteeing anybody an income, any able-bodied working person an income, unless they are prepared to register for training or for work.

Mr. Scherle. Under the family assistance plan, I think the word has been used "suitable." What would your interpretation be of "suitable employment" in the family assistance plan?

Mr. Black. The question of suitable will depend, of course, on the circumstances. We are going to try in that plan, as the Labor Department is going to try in this one through its job bank, to relate people to jobs that are appropriate to their skills, not to train a lot of people for or try to train them for jobs that may not be available or to try to train them for jobs for which they may not be qualified.

Mr. Scherle. As far as this program is concerned, if payment is going to depend on the word "suitability" from legal terminology, I would like to be the attorney in that case and try to defend it.

On page 5, in the last line, first paragraph, you say "This is a further application of the revenue sharing principle."

How does this compare with revenue sharing that has been advocated by the administration?

Mr. Black. This is different from the ultimate revenue-sharing proposal. I think this goes back to the conversation that I had earlier with Congressman Gaydos and our chairman. The ultimate revenue-sharing proposal of the President would be simply one in which proportions of Federal revenues would be returned to the States for spending as they see fit for whatever purpose. This one is a limited form of revenue sharing in which the money is returned to the States for spending for a particular program or in a particular program area, but with a maximum of flexibility for the States and localities to spend that money according to the needs of their particular situation.

Mr. Scherle. Who would have the ultimate responsibility then as far as the revenue is concerned of that money being spent? Would that be in the hands of the projected administrator, the State, or the Federal Government?

Mr. Black. It would be in the hands ultimately of the State Manpower Agency and then the prime sponsors in the communities.

Mr. Scherle. Then it could work just as free as the agencies do today, with really no jurisdiction or responsibility of how that money has been spent other than to submit a plan to the region and they in turn fund the money and then it is open game and open season?

Mr. Black. I don't think so. As we were talking about earlier, there are first of all certain requirements that have to be met in the way of general standards and criteria. The plan does have to be approved at the Federal Government level, and there is built in here a substantial incentive for the States and localities to meet what the Secretary of Labor will promulgate as exemplary standards, because that will take them from the level of 66⅔ funding to 100 percent.

And after they reach 100 percent, there are additional funds that can be made available to those States for further projects.

Mr. Scherle. We have seen this happen in the past and there was a lot of good intentions. In fact, this was probably some of the basis, that the intent is not always followed through by the project director, and in the money once it leaves the regions' hands or maybe the States hand, it is not always administered to the poor. It just sets up a smaller bureaucracy to where those in the administrative capacity feather their own nest.

Now to pursue the subject that my colleague brought up a moment ago, "But we also believe that the legislation should vest overall leadership at the Federal level." Is this a conflict again of local control, State control, and overall stewardship at the Federal level? Does this mean like you are going to have the responsibility of vetoing projects that might be beneficial at the local or State level?

Mr. Black. I don't believe there is any veto power built into the legislation, Congressman Scherle. As I indicated earlier, in this particular program, the overall stewardship, the overall direction and general direction in which this program is going to move is something that is set at the Federal level.

This is in contrast to the kinds of revenue sharing we were talking about a few minutes ago where you simply turn over a certain amount of money.

Mr. Scherle. But if you shut off the money, that is an automatic veto.

Mr. Black. Well, I don't think we would cut off the money for individual projects.

Mr. Scherle. It is being done now under OEO, and arbitrarily in fact. In fact, the Governors have vetoed projects and they come up to the Federal level and they override vetoes right and left.

Mr. Black. Have you found any authority in this for vetoing individual projects?

Mr. Roudebush. Sir, may I add a technical point on this, that the bill does empower the Secretary of Labor to approve a total plan or a portion of a plan. This could be read in an extreme situation as veto authority for an individual project. What we envisage here is a carefully designed plan that has gone to the advisory committee and State planning organization and it is not then so much a matter of an individual project that would be highlighted and would be the target for a veto.

Mr. Scherle. On page 7, you make the statement there that, let's take No. 4, I see where a great amount of direction will be here directing these programs to the States, which will shortchange the big cities. What are you doing for rural America under this program, and Lord knows, I shouldn't have to read any statistics to show you how bad off the rural projects are today. They are as bad off as anybody living in the inner city. What are you doing for these people under this program?

Mr. **Black**. Two things. First, only a portion of the money is going to be allocated directly to the cities through this pass-through provision.

The other money will go to the State and the Governor himself and the State manpower agency will have a decisive role in deciding how this money will be allocated.

I would assume, and certainly we have reason to assume, that no Governor or manpower agency which is representing the whole State is going to neglect portions of it at the expense of one area while giving undue amounts to other areas.

Second, there are provisions in here for local councils outside the city areas so that they can set up prime sponsor groups.

Mr. **Scherle**. Mr. Black, I would like to agree with you that all Governors are fair, but this is not necessarily true. In fact, in my State of Iowa, we have a Republican Governor who set up a 60-member economic advisory board to figure out how to bolster our State efficiency and economy. Not one single man in agriculture was on that 60-member board.

I don't think that shows that our Governor has much sympathy for the rural so much as the major cities. Now this might also hold true in other States. It is just as important that rural America especially be considered. I would like to see something written in this bill like they did in the Job Corps where a certain amount of money would have to go to the given areas.

Mr. **Black**. We don't disagree with you about the importance of the rural areas, Congressman Scherle. It is a matter of striking a balance, and that is why the pass-through for the cities is put in.

I don't want to comment on an individual State or case, but the feedback we get at the Department about revenue sharing and about other programs in which the money is passed out to the State is, in too many cases, the States are not responsive enough to the cities. We are sometimes told that they are too oriented toward rural areas and so we get complaints from individual mayors and from municipal organizations. This is one of the reservations that some of them have about revenue sharing in any form.

Mr. **Scherle**. I don't want to take anything away from the cities but for the short time I have been in Congress, I think that proportionally they have received their amount of money available. I have certainly tried to do what we could to help in that area, but rural America has been a real stepchild as far as its attention by Congress.

Your people have neglected them just as much as other agencies have in the past.

Mr. **Black**. It is not our intention that they be neglected and if they are neglected, it will be at the State level and not in Washington.

Mr. **Scherle**. No; because we have programs that are administered on the Federal level through regions which don't even touch the States. The Federal Government must take its share of the blame.

Mr. **Black**. I am speaking of this particular legislation.

Mr. **Scherle**. It would have to be a lot different from OEO to be better.

Mr. **Black**. I think it is.

Mr. **Scherle**. On page 8 you make the statement:

> It stands on two legs: the provision of training, work incentives and employment assistance for those who can work, including national minimums and eligibility standards for those who cannot.

What criteria are you going to use for those who cannot?

Mr. Black. You start in this area, of course, with a large number of people who are not in the labor market at all. The total of about 10 million people—or between 9 and 10 million—who are on welfare rolls includes approximately 3 million who are in the adult categories of the aged and the blind and disabled. So you have the problem of income maintenance for those people. They don't fit into this manpower training program.

Mr. Scherle. I keep thinking about a little county in Kentucky that I think about 4 or 5 years ago there were about 3,200 people on welfare and we put $10 million into that county and now there are about 6,500 people on welfare. Are you making this lucrative so these people can go on welfare or are you sincere in your application in the program that you want them off welfare?

Mr. Black. That is the whole purpose of the family assistance plan. We are trying to provide incentives for people to work, we are trying to provide training for them to become employable. We are trying to provide incentives for them to keep their families together.

Mr. Scherle. If this is true then, how can you justify the fact that in this day and age of prosperity we have increased employment, higher welfare rolls, yet we have more take-home pay than we have ever had in the history of the country. How can you justify that type of situation if what you say is true?

Mr. Black. I don't justify it at all. We can explain it because we have got a welfare system that is an antique or relic from an earlier age which was not intended to deal with the kind of problems we have today.

I don't know anybody who is satisfied with the present welfare system. I think it is generally agreed that it is a disaster area. The people who pay for it are not satisfied, the people who receive the aid are not satisfied, the people who administer the programs are not satisfied, and certainly nobody in our department and this administration is satisfied with it.

The President of the United States is not. He has said he is not going to take another step down this road. That is why we are proposing a drastic departure from the old system and trying a new one.

Mr. Scherle. Well, we are all for that. Don't misunderstand me. However, I can see a lot of laxity and loopholes in this proposed legislation. I have lost my enthusiasm for pushing this piece of legislation, because I can find a lot of defects. One more question, if I may. What if the Secretary defines eligibility to everyone except the very hard unemployed and a locality or State feels that a lot of other people need and have a right to training. How would that situation fit the concept of local control?

Mr. Black. Well, that question is based on an assumption which I think is probably erroneous, that the Secretary of Labor would make any such declaration of eligibility.

Mr. Scherle. Mr. Chairman, I have no further questions.

Mr. Daniels. I recognize the gentleman from Wisconsin, Mr. Steiger. Do you have any questions?

Mr. Steiger. Thank you, Mr. Chairman. Mr. Black, it is a pleasure to have you here this morning. Let me follow up on a question that was asked by my colleague from Iowa and inquire whether you would object to modifying any bill reported by the committee so as to provide, if nothing else, an appeal on eligibility determination by the Secretary?

Mr. BLACK. I think, Congressman Steiger, that is a question that more properly should be referred to the Department of Labor.

Mr. STEIGER. Since you are here and they are not, I thought you might be willing to answer it for them.

Mr. BLACK. No, I will let them speak for themselves, thank you.

Mr. STEIGER. I will ask it of the Labor Department. That really isn't a very fair question and I recognize that. Your statement is a good statement. I think it is helpful to clear the air about some of the charges that have been leveled against the manpower bill. I am a little interested, however, in the legislation that I joined in introducing with a number of other Members of the Congress.

We included on page 6 a provision to require that institutional training be where possible arranged or provided through State education and training agencies. That specific requirement of the law is not in the administration draft. This does affect HEW and I wonder whether you would concur that some language of this kind would be helpful to perhaps insure that we do not duplicate?

Mr. BLACK. That is something I think we would want to take a close look at. As you know, the institutional program is the one that we now have responsibility for under MDTA. I think that probably your concern is taken care of in this provision in the administration bill which requires that in carrying out the programs, the manpower agency must utilize to the fullest extent possible those services and facilities not financed under this act which are already available from various levels of government. And that if it is necessary to purchase service, that they purchase service from those agencies and then reimburse them for them.

But I won't close the door on consideration of the kind of specific guarantee that you mentioned. I will assure you and Congressman Scherle, as the closing paragraph on my statement said, that we don't have any question but that this act can be improved and perfected and we are willing to consider all suggestions.

Mr. STEIGER. I appreciate that. I hope you will get back to us with a reaction.

Section 251 of the Manpower Development Training Act as amended in 1968 provided in section 231 for the priority use of manpower training skill centers. This is an amendment I offered in the House. I would appreciate from you and, if you would be willing to submit it for the record, an analysis by Department of Health, Education, and Welfare on the implementation of section 231 and an analysis further of how effective the skill centers are.

Mr. BLACK. We would be glad to provide that.

Mr. STEIGER. In addition I would be interested in having you submit for the record an analysis by the Department of Health, Education, and Welfare on the implementation of the 1968 MDTA amendments and section 309 regarding training and technical assistance. This, too, is an amendment that I offered in the House and I believe this information would be helpful for the committee.

Mr. BLACK. We will do it.

(The analyses referred to follow:)

CRITERIA FOR MANPOWER TRAINING SKILL CENTERS

1. The operations of the Manpower Training Skills Center should be fully covered by the annual area and State level CAMPS plan. The MDTA resources and slots available for the Center as well as linkages with other programs should be included in the CAMPS documents.

2. The size and enrollment of the Center should be sufficient to maintain an efficient and economical operation and to meet other criteria (items 3 through 10).

3. The Center must have a separate administrative structure. The facility itself must be identified as a Manpower Training Skills Center; and may be either in one or several locations, provided that all services OF THE CENTER are readily accessible to all trainees.

4. The Center must demonstrate the ability to provide comprehensive services for all trainees; education services including basic education, pre-vocational training, communication skills, work orientation, skill training, and educational counseling. The full range of E.S. services including employment counseling and placement, must be available at the Center at ALL times. The Center should also have available support services, including, but not limited to health, legal, family and child care services preferably on-site. However, arrangements for referrals to community agencies on a regular basis are allowable when needed.

5. Each Center should make available training in a variety of occupations for both male and female trainees. At least four occupational clusters with several occupational offerings in each area are needed to provide opportunity for all trainees.

6. Plans for Centers should be responsive to the continuing needs in the area, with programs designed to meet long-range demands of industry and the local population.

7. Training in the Center should be offered during prime-time. Since the based operation of the Center is funded by MDTA, the Center's prime-time must be available to MDTA trainees. When, in addition, training is offered at other hours, the educational, employment and supportive services must be available.

8. Provisions for other programs, such as CEP, JOBS, WIN, Transition and National Contracts, may be made at the Center at any time.

9. Each Center should have fulltime professional and clerical education and employment staff which may augmented by such part-time persons as are required

10. The Centers must have the ability to expand and contract their training capability while maintaining an efficient operation. This means the ability to shift both occupational offerings and services provided as well as to vary Center capacity in accordance with the needs of the community and the trainees.

Location	PRIME TIME Trainees Enrolled	PRIME TIME Trainee Capacity	2 SHIFT Trainee Capacity
TOTAL	17,056	[illegible]	
Detroit	819	1619	3238
Cleveland	350	1550	3100
Columbus	300	800	1600
Mahoning	320	820	1640
Kansas City, Missouri	224	290	580
Kansas City, Kansas	202	355	710
Des Moines	235	275	550
Hartford	117	520	1040
Ft. Worth	260	1160	2320
Milwaukee	252	1850	2700
Indiannapolis	215	1525	3050
Community Skill Center Los Angeles	597	1200	2400
Watts, Los Angeles	465	2065	4130
Pacoima, Los Angeles	270	1075	2150
East Los Angeles	575	2575	5150
East Bay Oakland	425	1425	2850
San Francisco	178	900	1800
Phoenix	305	500	1000
Philadelphia	332	1630	3260
New York City, New York	1554	5750	11500
Rochester, New York	227	730	1460
Buffalo, New York	293	700	1400
Syracuse, New York	240	655	1310
White Plains, New York	200	520	1040
Utica, New York	300	670	1340
New Hyde Park, New York	290	700	1400
Binghamton, New York	127	380	760
Albany, New York	145	445	890
Trenton, New Jersey	325	370	740
Camden, New Jersey	156	226	452
Newark, New Jersey	410	800	1600
Tucson	.208	350	700
Birmingham	374	715	1430
Columbia, South Carolina	101	250	500
Gulfport, Mississippi	90	245	490
Charleston, South Carolina	125	225	450
Miami	186	400	800
Memphis	225	425	850
Jersey City	311	375	750
Boston	463	475	950
Atlantic City	221	360	720
Brooklyn	334	500	1000
Jamaica, New York	132	250	500
New York City, New York (2)	346	600	1200
Crewe	116	133	266
Wise	165	385	770
Norfolk	205	255	510
Denver	152	350	700
South Bend	128	---	---
Muskegon, Michigan	176	200	400
Milwaukee	138	712	1424
Cincinnati	137	863	1726
Jackson, Ohio	282	450	900
Dayton	150	350	700
E. St. Louis, Illinois	167	200	400
Carbondale	182	275	550
Duluth	98	175	350
Houston	384	500	1000
Dallas	179	230	460
Oklahoma City, Okla.	108	150	300
Wichita	135	240	480
Omaha	240	360	720
Lincoln, Nebraska	90	200	400

LIST OF MANPOWER TRAINING SKILL CENTERS

REGION I

Hartford MDTA Skill Center
122 Washington Street
Hartford, Connecticut 06106

Boston MDTA Skill Center
Lubec Street
East Boston, Massachusetts 02128

REGION II

Bridgeton Manpower Center
Vine Street School
Bridgeton, New Jersey

Jersey City MDT Skills Center
760 Montgomery Street
Jersey City, New Jersey 07306

Newark Manpower Skill Center
187 Broadway
Newark, New Jersey 07104

MDTA Multi Skill Center
2114 Atlantic Avenue
Atlantic City, New Jersey 08401

MDTA Multi Skill Center
942 Prospect Street
Trenton, New Jersey 08618

Camden MDTA Skills Center
17th & Admiral Wilson Boulevard
Camden, New Jersey 08105

MDTA Center
242 Main Street, West
Rochester, New York 14614

MDTA Center
917 Madison Street
Syracuse, New York 13210

Adult Education Center
Rochambeau School
228 Fisher Avenue
White Plains, New York 10606

Brooklyn Adult Training Center
475 Nostrand Avenue
Brooklyn, New York 11216

(REGION II CONTINUED)

Jamaica Adult Training Center
91-14 Merrick Boulevard
Jamaica, New York 11432

New York City Adult Training Center
45 Rivington Street
New York, New York 10002

Williamsburg Adult Training Center
45 Arion Place
Brooklyn, New York 11206

MDTA Center
366 Columbus Street
Utica, New York 13501

MDTA Center
55 South Denton Avenue
Nassau County
New Hyde Park, New York 11040

MDTA Center
87 Chenango Street
Binghamton, New York 13901

MDTA Center
45 Columbia Street
Albany, New York 12207

MDTA Center
Board of Education
1325 Main Street
Buffalo, New York 14209

San Juan Skill Center
Alverio 517, Urb. Roosevelt
Hato Rey, Puerto Rico
**

REGION III

John F. Kennedy Center for Vocational Education
734 Schuylkill Avenue
Philadelphia, Pennsylvania 19146

Connelley Vocational Technical Skills Center
1501 Bedford Avenue
Pittsburg, Pennsylvania 15219

(REGION III CONTINUED)

Southside Manpower Training Skill Center
Box 258
Nottoway County
Crewe, Virginia 23930

Wise County Manpower Training Skill Center
P.O. Box 576
Wise, Virginia 24293

Washington County Manpower Training Skill Center
Route 4
Abingdon, Virginia 24210

Norfolk City Manpower Training Skill Center
Norfolk, Virginia 23501

REGION IV

Birmingham MDTA Education Center
North Birmingham, Alabama 35207

Charleston MDT Skill Center
P.O. Box 5272
North Charleston, South Carolina 29406

MDTA Center
Richmond-Lexington
620 Sunset Boulevard
West Columbia, South Carolina 29169

Miami Skill Center
3240 NW. 27th Avenue
Miami, Florida 33142

MDTA Skill Center
591 Washington Street
Memphis, Tennessee 38105

Manpower Training Center
P.O. Box 6667 Handsboro Station
Lorraine Road
Gulfport, Mississippi

REGION V

Indiana Vocational Technical College
Weir Cook Division
6800 West Raymond Street
Indianapolis, Indiana 46241

(REGION V CONTINUED)

Manpower Training Center
1534 W. Sample Street
South Bend, Indiana 46619

McNamara Skills Center
1501 Beard Street
Detroit, Michigan 48209

Muskegon Area Skill Training Center
1183 E. Laketon Avenue
Muskegon, Michigan 49442

Milwaukee Technical College Skill Center
1015 North Sixth Street
Milwaukee, Wisconsin 53203

Area Industrial Institute
2000 N. 6th Avenue
Evansville, Indiana 47717

Stowe Adult Center
635 West Seventh Street
Cincinnati, Ohio 45203

Manpower Training Center
2640 East 31st Street
Cleveland, Ohio 44115

Adult Education & School Services Center
52 Starling Street
Columbus, Ohio 43215

Southern Ohio Manpower and Technical Training Center
South and Main Streets
Jackson, Ohio 45640

Mahoning Valley Vocational School
P.O. Box 278
Vienna, Ohio 44473

Garfield Training Center
1340 W. 5th Street
Dayton, Ohio 45407

East St. Louis Center
3360 Missouri Avenue
East St. Louis, Illinois 62205

Carbondale Manpower Training Center
Ordill Area
Southern Illinois University
Carbondale, Illinois 62901

(REGION V CONTINUED)

Duluth Comprehensive Facility
1600 London Road
Duluth, Minnesota 55812

REGION VI

Fort Worth MDTA Skill Center
1101 West Vickery Boulevard
Fort Worth, Texas 76104

Texas Lamar Skill Center
1403 Corinth Street
Dallas, Texas 75201

Houston Independent School District
MDTA-CEP Education Building
2704 Leeland Street
Houston, Texas 77003

Oklahoma City Skills Center
108 NE. 48th Street
Oklahoma City, Oklahoma

REGION VII

Manpower Training Skill Center
1333 Washington Boulevard
Kansas City, Kansas 66102

Central Vocational School
324 North Emporia
Wichita, Kansas 67202

Public School's MDTA Area Training Facility
2323 Grand Avenue
Kansas City, Missouri 64108

Des Moines Comprehensive Vocational Facility
2403 Bell Avenue
Des Moines, Iowa 50321

Manpower Training Center
5002 Dodge Street
Omaha, Nebraska 68132

Manpower Training Center
620 North 48th Street
Lincoln, Nebraska 68510

REGION VIII

Denver Manpower Training Center
Community College of Denver
1001 East 62nd Avenue
Denver, Colorado 80216

REGION IX

Maricopa County Skills Center
246 South First Street
Phoenix, Arizona 85004

Tucson Skills Center
55 N. 6th Avenue
Tucson, Arizona 85701

Community Skill Center
15020 South Figueroa Street
Gardena (Los Angeles), California 90247

East Los Angeles Skill Center
1230 S. Monterey Pass Road
Monterey Park (Los Angeles), California 91754

Watts Skill Center
840 East--111th Street
Los Angeles, California 90059

Pacoima Skill Center
13299 Louvre Street
Pacoima (Los Angeles), California 91331

East Bay Skills Center
1100-67th Street
Oakland, California 94603

San Francisco Manpower Training Skills Center
1485 Market Street
San Francisco, California 94103

University of Hawaii
Manpower Training Section
1040 South King Street
Honolulu, Hawaii 96814

** Mid-Manhattan Adult Training Center
212 West 120th Street
New York, New York 10027

SKILLS CENTERS—GENERAL INFORMATION ON PRIORITY USE AND ANNUALIZATION

Definition.—Financing institutional training programs in designated skills centers for twelve months or more by allocating sufficient funds and numbers of trainees to insure a predetermined level of operation.

Objectives:

1. Pull together the training activities in a community in order to deliver quality training at the lowest possible cost.
2. Alleviate and if possible eliminate the problems of on-gain/off-again funding inherent in the project method of funding training programs.
3. Stabilize funding to maintain a specified capacity level to permit efficient Center operations.

Number of Centers Annualized.—In FY 1970 no centers received additional Federal funds from the national office for the purpose of annualizing their operations. However, some 10 or 12 centers have worked on annualizing their operations by using HEW guidelines.

Major Hurdles to Annualization:

1. Lack of sufficient fund allocation to skills centers.
2. Rigidity or lack of understanding on the part of State employment service officials resulting in their continued requirement for DOT code designations and for sub-projects—both which limit the movement of individuals into, out of, and within training.
3. Lack of information concerning the procedures to annualize operations.
4. Lack of cooperation on the part of regional and State CEP officials who desire to use skills center services.
5. Uncertainty concerning when to start the cycle of annualization since annualization would commence in centers where courses of varied length are currently in operation.
6. In some instances an inability to keep training slots filled. State employment service offices do not recruit as quickly as needed, thus programs are not built up to full strength fast enough.

Benefits:

1. Permits maintenance of efficient trainee level for effective operations and services to trainees.
2. Provides the flexibility to respond to needs of immediate labor market area. Changes in the labor market requirements necessitate only restructuring training programs under the annualization plan "umbrella".
3. Provides continuity of operations as well as flexibility of programming.
4. Provides climate for open-entry/open-exit training which both HEW and Labor, in the pilot programs, judged to be a superior method of meeting the needs of trainees, as well as employers.
5. Simplifies the selection and referral process by permitting a smooth flow of referrals, thus eliminating the usual job-finding log-jam at periods during the year.
6. Provides climate for use of the job cluster approach which is beneficial to varied trainee interests and abilities.
7. Requires no additional HEW forms.

PRIORITY TO USE OF SKILLS CENTERS AS REFLECTED IN CAMPS PLANS

The Administrative Mandate.—Manpower Administration Order 21–69 provides administrative guidance for implementing the 1968 amendment to the MDTA requiring priority use of skill centers. It states clearly that "evidence that priority has been given (to skills centers) must be included in the States' CAMPS Plan".

In spite of this mandate a survey of some 38 State plans revealed that only 2 even mention skills centers. Of these, one indicates that it is trying to give priority to skills centers; the other states that it will continue to recognize that they exist! Yet these were *approved* CAMPS plans.

HIGHLIGHTS CONCERNING USE OF SKILLS CENTERS

Region I.—No priority in the Connecticut CAMPS plan for the Hartford Skill Center; no CEP involvement, either. With the failure to give center facilities priority and with the inflationary costs in providing training, Hartford reduced their training slots to approximately 130.

Region II.—Skills centers in the region are struggling to keep going. Fund allocations are reduced and, with inflation, available funds buy less training.

Nassau is planning to approve only three or four projects at the center.

Syracuse has dropped two programs.

White Plains now has only 10 MDT trainees per section. If any drop out, the section will have to close.

Region III.—Most skills centers in the region have no CEP involvement. Need more interagency discussion concerning how the center can serve a predominantly rural area.

Region V.—The capacity for centers in the region is low. Many more training slots needed—for MDT and for other programs.

Region VI.—No real priority is given to skills centers in region. Operations are hampered by insufficient training slots.

Region VII.—Priority is given to all skills centers in the region. In Tulsa, the local CEP is using center facilities and in Dallas, the OIC is taking advantage of the skills center there.

All are moving toward annualization and, when refunding comes up, they should be fully annualized. In addition, many OICs in the region are moving toward adoption of the annualization concept to permit smoother and more flexible operations.

Unfortunately, there is still an underutilization of the prime-time capacity in the centers with most operating at 80% of capacity or below at that time.

The JOBS program has yet to take advantage of skills centers training facilities in the region.

A STUDY OF NINETEEN MANPOWER DEVELOPMENT AND TRAINING SKILLS CENTERS

[HEW News, Thursday, Feb. 12, 1970]

The Department of Health, Education, and Welfare has signed a contract with Olympus Research Corporation (ORC) for a study of 19 Manpower Development and Training Skills Centers that provide vocational training, basic education, and employment orientation to the unemployed and underemployed.

Grant Venn, Associate Commissioner for the Bureau of Adult, Vocational and Library Programs in the U.S. Office of Education, said that the centers tentatively selected for review are in: Hartford, Philadelphia, Fort Worth, Syracuse, Atlantic City, Abingdon, Va., West Columbia, S.C., Miami, Indianapolis, Detroit, Cincinnati, Kansas City, Brooklyn (two locations), Phoenix, Des Moines, Gardena and Monterey, Calif., and Memphis.

Of these, ten will be selected for in-depth study. The studies, to be conducted in cooperation with the Department of Labor, will assess the effectiveness of skills centers in reducing employment and in training men and women for available jobs. The contract is for approximately $190,000.

The centers are supported under the Manpower Development and Training Act.

The review, which will get underway in the next few months, will provide information on which to base future policy decisions regarding the use of the centers. In addition, ORC will point out exemplary practices which may be used at other skills centers and will identify and examine problems in the program.

Garth Mangum, the review project supervisor, is ORC chairman of the board. He is also McGraw Professor of Economics and director of the Human Resources Institute at the University of Utah, and research professor of economics and research associate of the Center for Manpower Policy Studies at George Washington University.

Dr. Mangum was formerly a research director of the Senate Subcommittee on Employment and Manpower and executive director of the President's Committee on Manpower.

He is the author of 15 books and monographs and more than 100 articles on manpower, poverty, vocational education and industrial relations.

The Purpose, Implementation, Program and Future of Area Manpower Institutes for Development of Staff (AMIDS)

I. WHAT IS AMIDS?

Area Manpower Institutes for Development of Staff is a nationwide program of personnel development devoted to serving the needs of persons involved in manpower training and related human resource agencies. The AMIDS concept was developed by the U.S. Office of Education, Division of Manpower Development and Training, and funded under the Manpower Development and Training Act (MDTA) of 1962, as amended. The full-time staffs which provide a variety of services on a year round basis for the states within their designated geographic area of operation place a much needed service at the disposal of manpower agency personnel when and where needed. The capability of AMIDS staff to respond to immediate as well as on-going and anticipated needs of those working with persons from disadvantaged background is the factor which builds success assurances for the instructor and ultimately the trainee in the program.

While manpower agency staff are generally expert in their respective fields, they need and frequently request assistance for working more effectively with the disadvantaged. To achieve their goals of providing the trainee with both occupational and academic skills requires broad and sensitive recognition of the unique characteristics which low-income culture life styles produce. Understanding the cognitive learning styles, levels and techniques of motivation patterns in communication and relationship, and the experiencial background which shapes and conditions ones attitudes are factors which can not be ignored by the instructor, counselor or job supervisor who seeks to maximize his effectiveness in equipping a trainee for the real world of work.

In recognition of this need, Congress in 1961 authorized the Secretaries of Labor and Health, Education, and Welfare to prepare persons for work through special manpower training programs. A 1968 amendment to the Act authorizes training and technical assistance expenditures amounting to two percent of funds appropriated under the first three titles of the Act. AMIDS is a direct outgrowth of a response to this 1968 mandate of Congress to provide relevant and sensitive job training and human resource deployment to help stem the critical waste and latent development of our nations manpower and human resources. The MDTA and programs later funded under the Economic Opportunity Act of 1964, underscore the need for the preparation of manpower training and related personnel who can interact successfully with persons from disadvantaged backgrounds. It became evident, however, that traditional teacher and staff development training programs sponsored by existing institutions and agencies were not equipped to respond to this *new* program priority emphasis.

To meet this need, the Office of Education in 1968 and 1969, established manpower staff training programs in various areas of the country, known as Area Manpower Institutes for Development of Staff (AMIDS). Originally these institutes were located in Detroit, Michigan; Los Angeles, California; and the District of Columbia. Two additional AMIDS institutes located in Montgomery, Alabama and Oklahoma City, Oklahoma were established in February 1969 to more adequately provide full coverage of the nation with its services. This expansion provided a national network of services to manpower and human resource agency personnel to carry out the spirit and intent of the legislative history referred to earlier.

Section 309 of the amended Manpower Development and Training Act (MDTA) of 1968, carried the intent of expanded functions for AMIDS which was in fact demonstrated in program thrust for the last half of the calendar year 1969. In the spirit of this amendment the five national AMIDS staff services not only those for whom the institutes were originally designed (instructors, counselors, administrators, and supervisors), in manpower training programs but also supplied staff training and technical assistance for the personnel of 43 other agencies dealing directly with the disadvantaged.

A training seminar conducted by Washington AMIDS in Baltimore, Maryland, just before Thanksgiving 1969, exemplified the inter-agency staff training component capability. In attendance at this seminar were 392 persons representing 11 agencies. Some of the groups were CEP, New Careers, Employment Services, OIC, NYC, Baltimore Public Schools, Maryland State Department of Education, DVR and Morgan State College. Included were secretaries as well as professional staff personnel from these agencies. It is this spectrum of manpower program connected personnel that is embodied in the intent of Section 309.

AMIDS thus supplements . . . but does not supplant State and local in-service training programs for manpower personnel. While most States have such programs, many have not emphasized the particularly severe problems of the "out-of-school" and "out-of-work" segments of our society. It is recognized that the usually inadequate educational attainment, the living in impoverished environments, and the possession of little or no preparation for work of the unemployed and underemployed are all handicaps. Many are also handicapped by language or cultural difficulties or by hostility and other emotional problems which make them unacceptable to employers and sometimes to society in general. These are the persons who have, for the most part, dropped out of the regular public schools. The modus operandi of the traditional education has no doubt contributed to this fact and the alienation of the trainee to the educational environment. If we are to be successful in assisting the poor and undereducated towards self-help and self-realization it is apparent that a new and refreshing approach to staff development is necessary if the intent of the Manpower Development and Training Act (MDTA) is to be actualized.

The AMIDS thrust of a "person centered" approach to instruction is unique and imperative. In-service training provided in the past by the professional teacher-trainers has not proved practical for the manpower teacher and those who work with the disadvantaged for little attention is given to the heterogeneity of attitudes, age, health status, and family background which confronts the Manpower instructor. It is obvious that the methods and procedure which contributed significantly to the fate of the trainee cannot be used to save the group it has previously failed. AMIDS staff development training gives impetus to the characteristics, motivations and needs of the trainees, not only to methods and curriculum emphasis. AMIDS recognizes that the first line of defense against the dropout is the competent and resourceful instructor. During the sixties much about teaching technologies has been learned but there is far more to be learned about the motivations of people who have experienced severe deprivation. Training which focusses attention on trainee aspirations and correlates this knowledge effectively in the classroom will greatly increase knowledge about eliminating barriers to learning among the disadvantaged.

At the direction and leadership of officials in the Office of Education pursuing the intent of Congress for the 309 amendment, one AMIDS program above serviced upwards of 43 agencies in staff development. The spectrum of services rendered in the five AMIDS sites range from training of personnel in public and non-profit private organizations to first-line supervisors whose target constituents are persons from disadvantaged backgrounds.

The creation of this nationwide network of staff development with a philosophy of self-help based on the dignity of the individual adds the unique dimension which only AMIDS performs. This program possesses the capability of relevance and flexibility which enables consistent current information and process. In the interest of maximized success for the trainees in such programs these factors are mandatory. This "person centered" approach to enable staff to assume a sensitive role in their relationships upgrades the capabilities in the endeavor of rehabilitating the socially and economically deprived. This approach is particularly appropriate for staff who must have successful interaction with trainees or employees.

Some of the Agencies Served:

1. Manpower program personnel (instructors, counselors, administrators, supervisors and clerical staff). Our original charge.
2. Public Schools—MDT
3. Department of The Interior
4. Internal Revenue Services
5. E. O. Agencies
6. U.S. Department of Labor
   - (*a*) WIN
   - (*b*) CEP—U.P.O.
   - (*c*) New Careers
   - (*d*) NAB/JOBS
7. Urban League
8. Labor Unions
9. Recreation Department Personnel
10. Archdiocese of Greater Washington
11. Civil Service Commission—IAB
12. Department of Public Welfare

13. Department of Vocational Rehabilitation
14. Apprenticeship Councils
15. Departments of Correction
16. FAIR—MICCO
17. Employment Security
18. NDYP
19. Opportunities Industrialization Center (O.I.C.)
20. Pride
21. Project Build
22. Project Crossroads
23. Project Go
24. United Planning Organization
    - (*a*) CEP
    - (*b*) NYC
    - (*c*) Pre-Vocational
    - (*d*) PIC Peoples Involvement Corporation
    - (*e*) Training Division
25. Board of Trade
26. VEC
27. Washington Job Center
28. U.S. Department of Health, Education, and Welfare
29. Department of Defense
30. National Roving Leaders (National Recreation Assoc.) A National Contractor
31. CAMPS

II. LINKAGES, RELATIONSHIP, AND SERVICES TO OTHER AGENCIES

In order to maximize the thrust, coordinate services and avoid needless duplication among Federal, State and local agencies, the Cooperative Area Manpower Planning Systems or CAMPS came into being. AMIDS has provided needed services to CAMPS as well as a large number of personnel from public and private agencies and Departments of Government who are engaged in training the disadvantaged.

Primary emphasis has been on improving the effectiveness of personnel and program in MDT Skill Centers, including instructors, counselors and administrators.

Services to other agencies have included their attendance in regular seminars, special short day or evening seminars, consultative services, lending of instructional materials and equipment, and detailing of staff to provide full seminar services, specifically designed for the requesting agency. Seminar participation has included graduate students from universities as well as staff from private business, the prime criteria being involvement in training the disadvantaged for employability and assisting them toward self-help in order that they may grow into full participating citizenship and full-time members of the work force. In addition to skills training, this has included techniques and methods in the area of basic education and the ability to "negotiate the system".

Some examples of inter-agency cooperation are listed :

A. Employment Service Personnel have been included in regular seminars in order that they may be better able to place people into skills training and work with skills centers.

B. JOBS and the National Alliance of Businessmen have participated in seminars and have received consultant services.

C. OIC—Opportunities Industrialization Centers—personnel have had special seminars provided in a number of cities.

D. Private schools—students, teachers, and staff have attended regular and special seminars.

E. CEPS—Concentrated Employment Services—have participated widely in seminars emphasizing counseling and job development.

F. WIN—Work Incentive Program—personnel have been provided with special seminars emphasizing community services for trainees.

G. I.R.S.—Internal Revenue Service—personnel who deal directly with employment and on-the-job training of minority group employees have been provided with special seminars designed to fit their program needs.

H. CAMPS—Special coordinating seminars have been held for CAMPS personnel from all member agencies, designed to improve cooperative planning, management and program. Emphasis to improve effective communication and coordination.

I. MDT Institutional-Satellite seminars have been held for the total staffs of a number of skill centers.

J. Interdepartmental. Two one-week seminars were held for personnel of the Department of Interior and the Federal Water Pollution Control Administration, drawn from the whole nation, and utilizing AMIDS staff from more than one center.

K. Other (private resources and industry).

While each AMIDS was developed and funded to accomplish the same general purposes, each by nature of the environment in which they are centered and the persons they serve are confronted by special and unique problems. Some examples of activities directed toward the clientele they serve are:

1. AMIDS coordinated a three-day Jobs Film Festival in Washington, enthusiastically received and endorsed by the Secretaries of HEW and DOL, and attended by personnel from all parts of the United States. Displayed and reviewed were materials and machines designed to improve employability. The purpose of this program was to increase the effectiveness of agencies using audio and visual equipment materials and techniques in working with the disadvantaged. A request for information came from as far away as Brazil, where they hope to use the same materials in a U.S.A.I.D. program with Portuguese dubbed in.

2. Selected numbers of MDT trainees were interviewed at several skills centers for suggested input regarding improved trainee services needed under MDTA. This information was disseminated and used by AMIDS staffs in Conferences with instructors, counselors, and administrators of instructional and employment programs for the disadvantaged.

3. The Montgomery AMIDS has developed a record system which will automatically calendar a follow-up contact with participants to insure that they are provided a second Conference opportunity a year later, which is built upon the previous Conference they attended and will insure against repetition and lack of imaginative planning. This AMIDS has also developed an impressive newsletter which has succeeded in the area of public relations and has also developed within the participants pride in being an alumnus of AMIDS.

4. The Los Angeles AMIDS has held seminars and special meetings dealing with English as a second language and the needs of individuals from Mexican-American, American Indian, and other sub-cultural backgrounds which have been somewhat smothered by upper middle class environment and social customs.

5. The Oklahoma City AMIDS has been concerned with services to small rural communities and what can be done to assist community leaders in developing their own community leadership resources and with the open entry/open ended-occupational cluster concept in MDT scheduling as it relates to counseling and instructing the undereducated individual.

6. Detroit AMIDS, the first organized, pioneered the AMIDS concept and moved into satellite operations and began a trial operation on training of MDT graduates as teacher aides.

III. COSTS

The five AMIDS Programs were all started at different times, and funded originally for different periods of time, making it difficult to make cost comparisons on a yearly basis.

Therefore, a total cost figure is shown for each AMIDS from its original funding date through December 31, 1969. Per diem and travel costs of participants (when reimbursed by States for persons under their jurisdiction) are shown under "C. Travel and Per Diem of Participants."

A. Administrative and operational costs by AMIDS site (includes matching funds when and where required):

1. Detroit AMIDS, June 1, 1968, to Dec. 31, 1969 (20 months)	$484, 518
2. Washington, D.C., AMIDS, July 1, 1968, to Dec. 31, 1969 (19 months)	512, 059
3. Los Angeles AMIDS, July 1, 1968, to Dec. 31, 1969 (19 months)	227, 700
4. Montgomery AMIDS, Feb. 17, 1969, to Dec. 31, 1969 (10 months)	188, 900
5. Oklahoma City AMIDS, Feb. 17, 1969, to Dec. 31, 1969 (10 months)	133, 110

B. Total administrative and operational costs of the five AMIDS through Dec. 31, 1969	1,546,287
C. Participation costs of all States and territories includes per diem and travel through Dec. 31	800,000
D. Total of all AMIDS operational costs and per diem and travel of participants through Dec. 31, 1969	2,346,287
E. Average cost per participant (based upon estimated total of 10,000 participants and AMIDS operational costs only) approximately	154
F. Average cost per participant (based upon estimated 10,000 participants and both operational costs and costs of participant travel and per diem) approximately	232
G. National AMIDS program evaluation (by contract) (accomplished fiscal year 1969 through contract with California State Department of Education)	60,000
H. Total all categories	2,406,287

NOTE: As an example, as of this date the Montgomery AMIDS program has served 2,379 participants (funding period Feb. 17, 1969, through Dec. 31, 1969, actual conference sessions began in April).

Total operational costs were $188,900.00—$79.40 is operational cost per participant.

IV. TOTAL COSTS ALL AMIDS FOR FISCAL YEAR 1970 (PROJECTED)

A. At level of operation as of Dec. 31, 1969, to be funded under S&D Budgets:
  1. Administration—Operation:
    (*a*) Detroit, $550,000.
    (*b*) Washington, $560,000.
    (*c*) Los Angeles, $200,000.
    (*d*) Montgomery, $350,000.
    (*e*) Oklahoma City, $280,000.
      Total, $1,940,000.
  2. Participation (travel and per diem for participants), $1,000,000.
  3. Evaluation.
  4. Total all categories, $2,940,000.
B. Technical assistance and training (section 309).

ADMINISTRATION AND OPERATIONAL COSTS FOR ALL AMIDS

AMIDS Site	Participant costs	Administration and Operation	Total
Detroit	$374,680	$917,680	$1,292,000
Washington	453,980	1,108,020	1,562,000
Los Angeles	261,000	639,000	900,000
Montgomery	335,530	821,470	1,157,000
Oklahoma City	290,000	710,000	1,000,000
Total	1,715,190	4,196,170	5,911,000

Note: The program in operation (AMIDS) the past 19 months has been in the spirit of Section 309 of the 1968 Amendments. However, funds have not been allocated for implementation. It is anticipated the AMIDS Programs with 19 months experience should be mainly funded from Section 309, Technical Assistance and Training Allocation. Travel and per diem should be increased and the mechanics developed to allow for reimbursements to non-government and other participants for whom there is presently no eligibility formula.

V. TRAINEE INVOLVEMENT IN AMIDS

By individualizing instruction an attempt is made to exemplify the person-centered approach in training instructors with the hope that similar methods will be carried over into the training programs. AMIDS recognizes the trainees' need for self-determination as he progresses through training into full participating citizenship. To foster this need AMIDS has involved trainees in a variety of ways.

A. Trainees have been panel speakers discussing a variety of pertinent topics.

B. AMIDS instructors have given demonstration teaching lessons before trainees for their positive and negative reactions.

C. Trainees in skills centers have received the benefit of human relations activities.

D. Trainees have served as teacher aides in skill centers and other programs.

E. Trainees have been invited back as guest speakers upon graduation and employment.

Seventeen months of experience in training those personnel who have participated in AMIDS seminars have pointed out some weaknesses in the overall manpower program. These are the result of the reactions of seminar participants all over the country:

1. There is a need for greater coordination and exchange of information about trainees among the various agencies engaged in recruitment, testing, training and employment.

2. It is obvious that a trainee cannot devote his best efforts to the training situation when he or a member of his immediate family is in need of food, clothing, medical attention, legal assistance, day-care for pre-school children, transportation or other basic human needs. Many agencies within the community are engaged in providing such services to the less fortunate. It is felt that the instructor is in the best position to know of those needs within his students which either accelerate or which interfere with learning. He, therefore, is the logical person to assist the trainee in finding the proper agency. The instructor requires orientation, both to recognizing the variety of needs, and the procedure and sources for finding help for the trainee. In an expanded AMIDS program materials should be developed to provide these orientations to supportive services. This could be specially designed for traineee readability on various levels. A separate guide could be developed as a procedural reference for use by the instructor.

3. Under the pressure of the on-going instructional program little energy has been devoted to the overall problem of orientating employers to the unique needs of the disadvantaged and to the continuing problems encountered on the job. This information, if gathered, could provide valuable feedback into the instructional program so that job skills, grooming, job attitudes, and related skills of social living can be integrated into a meaningful whole.

VI. FACILITIES—PROJECTED

The experience of the first year's operation has demonstrated conclusively that AMIDS services are effective in improving MDT instruction and programs. A broad variety of related agencies engaged in training the unemployed and underemployed have participated in the seminars in all five locations. Both MDT and related agencies have been unanimous in their demands for more and varied kinds of services for improving the effectiveness of their personnel and the programs they operate. These needs for expanded services are centered around the development of Technical Assistance Teams, which will be trained to go out into the communities to provide aid in minority self-help, community manpower utilization and development, demonstrating teaching methods and proper use of instructional materials, and other areas. Providing such services will necessitate adding personnel, space, and equipment to support the Technical Assistance Teams.

The team approach would provide specially designed in-service training programs with pertinent methodology, curriculum development, new developmental concepts and resource materials.

The collection, correlation, and analysis of data, and dissemination and utilization of findings, and statistical reporting will enhance the effectiveness of these services as they related to further understanding and support of human resource agencies and personnel.

A. Facilities—Present.—The five AMIDS, located strategically throughout the regions of the country to serve specific portions of the population, each have physical facilities designed for large and small group instruction, staff offices, audio-visual equipment, and for the development and storage of instructional materials for retrieval systems. When the need dictates, both personnel and materials are taken into remote areas for satellite seminars. In these cases, space is either made available in the local skill center, or rented in a suitable convenient place.

The AMIDS resources libraries developed as a result of total staff effort includes a broad and varied collection of pertinent and useful materials. These include books (both hard and soft cover), films, film strips, records, programmed materials, sound tapes, video tapes, felt board materials, transparencies and large array of equipment.

Staff participants make good utilization of the materials and equipment and receive instruction in their application during short seminars or workshop sessions.

The original goals of AMIDS have been partially fulfilled, but such goals demand imagination and resourceful implementation such as AMIDS can provide.

February 17, 1970.

Subject: Funding of Area Manpower Institutes for Development of Staff (AMIDS) with section 309 monies.

To: Mr. Robert Brown, Associate Manpower Administrator for USTES, Department of Labor.

This is to confirm and make a matter of record the agreements reached in your office on February 11, 1970, subject as above.

On that occasion you recalled that approximately $2.6 million had been included in the 1970 budget justification for transfer to our program for training and technical assistance. I indicated that a significant amount of this money was now needed so that the funding could be shifted from the State Vocational Services Account ($8 million annually, which has never changed despite the increased demand for such services). I also mentioned that we had used SVS money in lieu of allowing the States to establish separate teacher training services, and that while AMIDS actually started out as a teacher-training program, by demand of other agencies AMIDS now provide fairly sophisticated "awareness" training which mixes teachers, supervisors, counselors, and program administrators from a host of different federal, State and local agencies having programs for the same individual to the mutual benefit of all concerned. I mentioned that the AMIDS have done special seminars for HUD, the D.C. government, just to mention a couple of the more recent activities to illustrate their true Section 309 character.

Our staff also suggested that it was our desire to truly make the AMIDS an activity jointly and equally shared by our two departments. It was agreed, however, that this could not be worked out to become effective this fiscal year, but that before June 30, our two departments should have worked out a plan to make a transition to a joint operation of AMIDS.

In the interim, however, you agreed that there was funding capability currently existant for 309 and that USDL had made expenditures against this account activity. I reaffirmed that while our testimony contributed significantly to the Steiger amendment and the Senate amendment to the House substitute bill, making the 2 percent set aside, we had not as yet received any of the funds although 309 authorized their use by both USDL and HEW. You agreed that you would take the necessary action with OFMS in USDL to have some 309 money transferred to us so that we can switch the funding of AMIDS to that account, thus relieving State Vocational Services account to permit us to fund State staff so badly needed to cooperate in CAMPS, WIN, CEP and other specialized program activities outside the normal institutional training role.

I also described briefly the need for some experimentation using 309 monies to develop graduate or advanced graduate curriculums to establish a new discipline which might be called "manpower planner" which is needed by all manpower agencies. I mentioned that I had had discussions on this subject with both members and staff of the select subcommittee of the House and the Senate during the summer of 1968, a reflection of which may be found in the remarks of Mr. Steiger on pages H8246 and H8247 of the Congressional Record for September 4, 1968. We are anxious to develope such a model and hope that our staff can work closely with yours in doing so. It was agreed on February 11, that such discussions would begin in the near future.

We appreciate your willingness to work with us in this matter.

Best personal regards,

Howard A. Matthews,
Director, Division of Manpower Development and Training.

Mr. Steiger. One of the provisions about which there has been question is that which relates to whether or not the State education agency and/or vocational educational agency, if they are separate, ought to be required to be a part of the comprehensive manpower planning agency at the State level. Are you satisfied that the approach used in the administration bill, which says that the State is given the right to determine whether or not they want that to be and is not penalized for the failure to include it, is the most effective way of handling this problem?

Mr. Black. Well, the bill provides that first it is the option of the State to include vocational education or vocational rehabilitation. There is no provision in here that the State will automatically be penalized if it does not include either or both of these. It goes on to provide that only if both the Secretary of Labor and Secretary of HEW concur that in a particular State one or both of these agencies should be included in the comprehensive manpower program, only then would this requirement come into play.

We think, from the standpoint of HEW, that this provides adequate assurance to these agencies that they will not be brought in against their will or against the will of the State unless there are just absolutely overriding reasons for the success of the whole program, that this should be done.

Mr. Steiger. But couldn't one argument be that manpower development and training requires the utilization and expertise and knowledge of those in education and, therefore, they ought to be a part of any comprehensive manpower agency, both so as to insure the use of existing institutions if they are appropriate, and in order to get a better correlation between the needs in education, in basic education, as well as in technical skill development?

Mr. Black. Certainly you can make that argument, and I think that we would assume in HEW that in most cases it would be the wish of the States themselves to bring these agencies into the comprehensive manpower program because, as I indicated in the early stages of my testimony, what they are doing is so fundamental to the whole effort that without them you obviously are going to have something less than a comprehensive program.

But in keeping with our desire to give the States as much flexibility as possible, this was not written in as a mandatory requirement.

(The document referred to follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., March 2, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During the February 19 hearing Mr. Steiger asked us to consider adding a specific requirement that institutional training be provided through State education and training agencies. I believe the following language in Section 102(a)(2) of the Administration bill gives the assurance indicated:

"In carrying out programs assisted under this Act, the agency shall be required to the fullest extent possible to utilize those services and facilities not financed under this Act, which are available from Federal, State, and local agencies. Where services and facilities financed under other authority are not available without reimbursement, the comprehensive manpower agency shall be required to the fullest extent possible to purchase the use of facilities and services from Federal, State, and local agencies where available at reasonable cost. The agency may also make appropriate arrangements to utilize the services and facilities of private agencies, organizations, and businesses."

We appreciate this opportunity to supplement the record.

Sincerely yours,

CREED C. BLACK,
Assistant Secretary for Legislation.

Mr. **Steiger**. One last question, Mr. Black. In the work that has gone on both by the Department of Labor and by your own department, can you give us any idea at all as to what the reception by the American Vocational Association and other groups has been to the Manpower Training Act of 1969?

Mr. **Black**. I think Mr. Roudebush could probably give you a better reading on that than I can, because he is in closer touch with the group.

Mr. **Roudebush**. I invite attention to the very fine statements that were presented to this committee by the chairman of the Advisory Council on Vocational Education and the chairman of the American Vocational Association. We thought those were fine statements. The statements did express the feeling that vocational education had not got the priority attention that the remedial programs have. In the prepared statement here, of course, we tried to say that the remedial programs are essential. We point to Mr. Calkin's statement which would not detract from resources, but their attitude specifically on your question has been that vocational education has been neglected.

Mr. **Steiger**. You have, Mr. Roudebush, have you not, worked with those in the American Vocational Association and other groups?

Mr. **Roudebush**. Yes.

Mr. **Steiger**. On the legislation?

Mr. **Roudebush**. Their views have been considered.

Mr. **Steiger**. Thank you.

Mr. **Daniels**. I now recognize the gentleman from Minnesota, Mr. Quie. Do you have any questions, sir?

Mr. **Quie**. Yes; thank you, Mr. Chairman. Mr. Black, I think you had an excellent statement and you addressed yourself to some of the problems that have been raised by the various people. I would like to ask you about the ones that have been raised by vocational educational people. I gather there is a substantial fear of the comprehensive manpower program by vocational educators and the chief school officer for vocational education, even though Mr. Lowell Burkhart, the director, testified generally in favor of this legislation in the Senate.

You mentioned, and I will carry on from what Congressman Steiger questioned you, in No. 3 on page 7, about the question of involving vocational education and rehabilitation in the States' program. Would you have any objection if we made it mandatory in the law, as we have done in other laws requiring that certain individuals are included in the State agency, that we would require that vocational education and vocational rehabilitation be a part of the total picture.

Mr. **Black**. I think I would like to reserve a final answer on that, but I see some problems offhand with it. If you are not mandating that the programs be included in the comprehensive program, then it seems to me you might have an inconsistency if you then mandate that the governing body or the advisory body include representatives of those programs.

Mr. **Quie**. Yes; in other words, you mean programs funded by this Manpower Act?

Mr. **Black**. We are not saying in the legislation that you have to include vocational education or vocational rehabilitation in your comprehensive manpower program. So I think we might run into a little inconsistency to say that somebody representing vocational education or somebody representing vocational rehabilitation has to be on the council.

Mr. Quie. I will ask this question and then I will yield on it. How can you ever run a comprehensive manpower program in any State without involving vocational education?

Mr. Black. I don't think think you can without involving them. The question is to what extent do you want to involve them under a mandatory arrangement, to what extent do you want to say to the State that you have to put your vocational education program in.

Mr. Quie. You are saying that if we do not include vocational programs funded outside the comprehensive manpower program, then why should we mandate them, but rather isn't it your conception that in every State the comprehensive manpower program will include a substantial number of programs which will be administered by vocational education or by vocational rehabilitation?

Mr. Black. Because you have a provision that the State agency has to use the services of the existing agencies, and obviously they are going to be calling on services of vocational education and vocational rehabilitation.

It seems to us that certainly it is the better arrangement if you bring these in from the beginning. There are in some States some statutory requirements which may get in your way here, and I think that is one of the reasons for not making this mandatory in every case.

Mr. Quie. That is vocational rehabilitation, not vocational education, is that true?

Mr. Roudebush. The State planning board would be a separate group with a separate responsibility for total planning and review. This is behind the provision that we do mandate vocational education and rehabilitation in the planning council for planning review. The comprehensive agency is an administrative unit and it does seem that generally it will be more efficient if it can get under its umbrella all of the agencies it is administering in the program.

But if the State has legislation or a State attitude that they don't want education administratively tied in, should we not give them this option? To do it they may have to change legislation, as Mr. Black said.

Mr. Quie. As I understand it, we have a little problem with vocational education that we have to work out and from what I hear from them, they aren't fearful that they might be required to be a part of it but rather that they will be excluded. It seems to me that we remove a tremendous amount of their fears if we would insure that they were not only included but included in a way that they wouldn't be swallowed up and be an insignificant part of it. I think we can do that.

This is really what we are driving at. It is hard for me to conceive of a comprehensive manpower program functioning in any State if they run only the on-the-job-training type of program and the institutional type program that they fund through private industry but leave all of the public programs outside of the agency.

I can't see the Department of Labor approving such a thing.

Mr. **Black**. I think their question of fear of being swallowed up is one that we are not concerned with. Vocational rehabilitation is going to continue to have its own base in legislation, it is going to have its own appropriation, and it will continue to be a program in the State with its own council.

Mr. **Quie**. I think they have considerable clout in local communities and in the State but they don't in the Federal hierarchy when you compare them with manpower programs in the Department of Labor. In fact, when you see their position in HEW, they are pretty low down. I think that is one of the problems that I hope you will work out. I know you want to, both the Secretary and the Commissioner wants to get it worked out.

You quote in No. 2, "The bill would set up a dual school system." That is a fear that has been thrown at us often and to what extent have you worked with the vocational education people to try and lay out details of this program to resolve the kind of competition there would be between private industry getting into the institutional programs because I think that is AVA's basic fear there.

We see beginning now an educational industrial complex being started and it could be quite a worry to the public school officials.

Mr. **Black**. Yes; we have seen that complex at work. As Mr. Roudebush said earlier, when this legislation was being put together the vocational education people were consulted and I think have been kept aboard. I was not active in the formulation of this legislation, so I can't answer that too well myself.

But I would like to emphasize that it is our feeling that this one provision on page 8 of our bill, section 102, on the requirement that this comprehensive manpower agency just absolutely must use existing agencies—Federal, State, and local—before it turns elsewhere is about the best reassurance that we can give to the vocational education people and to other Government agencies. One of the complaints that we get often is that there is such a waste of services because sometimes vocational education facilities which are available are not being used and then somebody will get a grant from some other part of the Government to duplicate this and set up the same kind of program or some private organization will try to set up this same kind of program, sometimes with the use of Government funds.

We are certainly hopeful that that kind of wasteful duplication can be avoided through this comprehensive program, and I should think that this language, which we said in our statement is as strong as we can make it, would be reassuring on this score.

We can certainly, as I indicated earlier in response to Congressman Steiger's question, take a look at the possibility of trying to be still more specific in some of these areas. But generally our feeling is that as long as you have this language in here which would mandate the use of existing facilities and agencies, that there should not be this kind of concern on the part of vocational education people.

Mr. Quie. I think if we need to have stronger language, we ought to look at it and undoubtedly will during the markup.

Is there anything in the present law that would give more assurance to the vocational education people that they have the greatest opportunity to secure the funds rather than private industry or can I say it the other way, give even more opportunities to private industry to secure funds under this comprehensive program than already exist in the present law?

Mr. Roudebush. Sir, may I respond that I think the history of the MDT Act on this score has shown a kind of evolution that perhaps has brought us up, at least in the legislative history and in the reports and so forth, with a congressional encouragement to make greater use of some of the private schools, particularly in office type training, and I think the executive branch responded to this encouragement. The present language says with regard to private business, the comprehensive agency may also make appropriate arrangements to utilize the private organizations and businesses.

I think the expression of congressional intent on this—whether we need to rely basically on the public educational system to provide skill training and other educational services in the remedial program, with maybe a leavening of private business—Congressional expression on this would be useful. It is permissive here.

Mr. Quie. Then the possibilities of a dual system is not greater under the comprehensive act than presently exists?

Mr. Black. No greater, sir.

Mr. Quie. Thank you, Mr. Chairman.

Mr. Daniels. I recognize the gentleman from Illinois, Mr. Erlenborn.

Mr. Erlenborn. No questions.

Mr. Steiger. Mr. Chairman, I will ask the chairman's consent that the information to be supplied to the record in response to my question be made a part of the record.

Mr. Daniels. Along that line, may I cite this. I have heard of programs that the Manpower Division of the Office of Education has initiated by national contract that involves such activities as upgrading the educational and job levels of railroad and steelworkers creating new careers for hospital and other health workers. Would you also supply for the record a complete listing of the current projects of this sort now being managed by the MDTA staff of your Department?

Mr. Black. I would be glad to.

(The information referred to follows:)

NATIONAL CONTRACTS LISTING

February 1970

DIVISION OF MANPOWER DEVELOPMENT & TRAINING

National Projects Currently in Operation

Type of Project	Total Projects	Total Trainees	HEW Cost
Special & Coupled	44	47,468	$20,614,491
Experimental & Utilization			
E & D	18	6,483	4,902,235
OIC	17	8,733	113,469
TOTALS	79	62,684	$29,630,195

National projects range in size from 30 trainees to 4,588 trainees (the largest group is with the Carpenter's contract). Many of the projects are for both job entry and upgrading.

TRANSITION, alone, has in all its projects throughout the nation 12,930 trainees costing a total of $3,630,000.

Some contracts offer training in only one State, some in several States and in one case the contractor (Carpenters) can conduct training in all 50 States.

NATIONAL COUPLED & INSTITUTIONAL PROJECTS

CONTRACTOR	TYPE OF PROGRAM	NO. TRAINEES	OCCUPATION	HEW COSTS
1. Marine Towing and Transportation Assoc.	Institutional-upgrading	180	Marine Deck & Engineering Officer	$ 97.537.00
2. Public Health Service Federal Health Programs	Institutional Upgrading	126	Upgrade training of Pursers to Purser - Pharmacist Mates	142,060.00
3. Laborers' International Union of N. America	Coupled-	1768	Construction Laborers	893,521.00
4. Laborers' International Union of N. America	Coupled	2048	Construction Laborers	865,711.00
5. Brotherhood of Marine Officers	Institutional Upgrading	120	Upgrade - Marine Officers, Engine & Deck	138,160.00
6. Zookeepers	Institutional Entry/Upgrade	30	Animal Keeper	33,221.00
7. United Business Schools Assoc.	Institutional Individual Referral/Upgrade	1000	Upgrading training for Office & related, Trade & Technical	500,000.00
8. Washington Technical Institute	Institutional	100	English as a Second Language & Pre-vocational Training for (Professional & Semi-professional) Spanish Residents	165,300.00
9. Assoc. of Rehabilitation Centers	Coupled - Entry-level	500	Various Health Occupations in medical & vocational facilities	113,405.00
10. Nat'l Office Machine Dealers Assoc.	Coupled Entry-level	600	Office Machine Repairman	40,500.00

NATIONAL COUPLED & INSTITUTIONAL PROJECTS

CONTRACTOR	TYPE OF PROGRAM	NO. TRAINEES	OCCUPATION	HEW COSTS
11. State of New York, Dept. of Ed., Div. of Continuing Education	Institutional	600	Basic Ed. & Pre-vocational training	248,590.00
12. Board for Fundamental Education	Institutional	1760	Basic Ed. (upgrade training for steel employees)	899,915.00
13. American Federation of State, County and Municipal Workers	Coupled	1000	Development of Career Ladders for hospitals. (X-ray technicians, nursing, housekeeping and dietary	798,309.00
14. Federal Water Pollution Control Commission Dept. of Interior	Coupled Entry-level	920	Waste water Treatment Plant Operators	386,185.00
15. International Union of Operating Engineers	Coupled Basic Edn & Upgrading	783	Operating Engineer, Heavy Duty Mechanic, Technical Engineer, Pre-apprentice and upgrading	772,107.00
16. Internation Assoc. of Chiefs of Police	Institutional (Project Transition) Entry-level	400	Police Officer Recruit	100,000.00
17. Region IV, Pilot COOP	Institutional Basic Edn, Pre-Vocational Orientation	475	Commercial Officer Worker, Restaurant Operation, Wholesale Trade, Health Service	376,314.00
18. Univ. of Mississippi Medical Center	Institutional Entry-level	40	Public Health Aides (Sanitation Nutrition, Social Work, Family Health Aides)	80,604.00
19. Hinds Jr. College Raymond, Miss.	Institutional	30	Up-grading - LPN to Reg. Nurse	110,616.00

NATIONAL COUPLED & INSTITUTIONAL PROJECTS

CONTRACTOR	TYPE OF [illegible]RAM	NO. TRAINEES	OCCUPATION	HEW COSTS
20. Chrysler Corp.	Coupled Basic Edn & Entry-level	1645	Various Auto Occupations (Assembler, Salvage, Material Handler, Welder, Press Operator)	729,761.00
21. LTV - Aerospace Corp.	Coupled Entry-level	375	Aircraft Manufacturing Technical Assembler	114,143.00
22. LTV " "	Coupled	150	Aircraft Manufacturing. Tech. (Fluids)	40,754.00
23. LTV " "	Coupled	225	Aircraft Manufacturing Tech. (Elect.)	70,847.00
24. Transition (Military)	Institutional Entry-level	8389	Various	2,760,000.00
25. Transition "	Institutional	2661	Various	970,000.00
26. Transition "	Institutional	1880	Various	900,000.00
27. Nat'l. Joint Painter & Decorating Apprentice Training Committee	Coupled Entry-level & Upgrading	1150	Painter Decorators, Paperhangers, Drywall Papers, Sign Writer, Floor Covering, Architectrual Coatings Finisher, Glazier - Apprentice & Journeymen	274,432.00
28. Nat'l Assoc. of Home-builders	Coupled Entry-level	1160	Homebuilders, Carpenters Skill train.	188,656.00
29. Food Service Industry	Coupled Entry-level	720	Skill Training	92,270.00
30. Child Welfare League	Institutional	500	Skill Training - Child Care	609.712.00
31. United Brotherhood of Carpenters	Coupled Entry-level	4588	Carpentry Skill Training	1,718,235.00
32. United Brotherhood of Carpenters (Instructor Training)	Institutional Training for teachers & administrators	950	Instructor Training	599,960.00

NATIONAL COUPLED & INSTITUTIONAL PROJECTS

	CONTRACTOR	TYPE OF PROGRAM	NO. TRAINEES	OCCUPATION	HEW COSTS
33.	Cooperative League of USA	Coupled	150	Basic Education	93,262.00
34.	Core - Target City	Institutional Basic Edn & Entry-level	260	Auto Service Station Attendent, Clerk typists, Printing	715,563.00
35.	AGC - International Union of Operating Engineers	Institutional Entry-level	164	Skill Training in Bulldozer Operator Scaper Operator, Service Oiler, Front End Loader-back Hoe Operator, Power Shovel Operator, Dragline Operator, Motor Grader Operator, Heavy Duty Mechanic	243,000.00
36.	United Auto Workers	Coupled Basic Edn	700	Basic Education	359,163.00
37.	Portland Cement	Coupled Entry-level	1310	Operative Plasters . Cement Masons Plasters & Cement Masons Trades	523,468.00
38.	Portland Cement	Coupled Entry-level	2105	Skill Training	534,380.00
39.	Na'l Machine Tool Builders	Coupled Entry-level	1346	Welders, Program Detail, Draftsmen, Machine Operators, Machine Builders, Assemblers, Servicemen, Production Machine Operator & Inspector	144,211.14
40.	Nat'l Machine Tool Builders	Coupled	1700	(Same as Above)	315,119.00
41.	Nat'l Tool Die and Precision Machine Assoc.	Coupled Entry-level	1200	Production Machine Operator, Machinist Tool & Die Maker, Toolroom Machine Operator, Gearcutter, Machine Repair, Inspection, Tube Bender, Draftsmen, Welder	776,570.00
42.	Nat'l Tool Die and Precision Machine Assoc.	Coupled Entry-level	240	(Same as above)	153,783.00
43.	Nat'l Tool Die and Precision Machine Assoc.	Coupled	1360	(Same as above)	880,824.00

NATIONAL COUPLED & INSTITUTIONAL PROJECTS

CONTRACTOR	TYPE OF PROGRAM	NO. TRAINEES	OCCUPATION	HEW COSTS
44. District of Columbia Washington, D.C.	Upgrading	60	Laborers, Storekeeping Clerks, Warehousemen, Procurement Clerks, Purchasing Agents	44,323.00
TOTALS		47,468		20,614,491.00

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

E and D

CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	HEW FUNDS
Educational Computer Corporation Wilkes Barre, Pa.	To train persons for entry level technical positions	240	Auto Mechanics Heating Mechanics Electronic Equipment repair Appliance Repair	$ 349,450.
Ogden Technology Laboratories Washington, D.C.	To show that disadvantaged dropouts can be trained for high technical skills.	120	Oceanographic Aides	246,402.
Prairie View A & M College Prairie View, Texas	To provide a variety of service training for people from urban rural areas	200	Meat Cutters Dry Cleaning Tractor Repair Office Skills	442,658.
The Ethnic Foundation, Inc. Washington, D.C.	To show that women low on the social-economic ladder can be trained to improve their status in the labor market	60	Household Technician	45,411.
YWCA Chicago, Illinois	" "	150	" "	34,368.
Household Management, New York	" "	100	" "	63,184.

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

E & D

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	HEW FUNDS $
7.	Urban League, Inc. Washington, D.C.	To show that women low on the social-economic ladder can be trained to improve their status in the labor market.	200	Household Technician	67,662.
8.	Women's Service Club, Inc. Boston, Massachusetts	" "	60	" "	35,239.
9.	Household Employment Association for Re-evaluation and Training Philadelphia, Pa.	" "	100	" "	63,231.
10.	Kansas State University Manhattan, Kansas	" "	64	" "	30,575.
11.	Neighborhood Development Youth Program Manhattan, New York	Innovative youth programs to demonstrate how youth in a community can be given information and training that will make them more effective members of society	400	Neighborhood workers Civil Service Commission managerial	250,000.

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

E & D

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	HEW FUNDS $
12.	Oak Ridge Associated Universities Oak Ridge, Tennessee	An interagency agreement to demonstrate how business, government and education can combine forces to train and place disadvantaged persons into technical jobs previously denied them.	210	Electronics Technician Tool machine setup operator Engineering technician Maintenance mechanic	270,979.00
13.	Service Employment Redevelopment Jobs for progress (13) locations in 5 States of the Southwest. Funded through State Agreements.	To demonstrate that a community based organization can motivate trainees, obtain community and business support, and improve the quality of life of Mexican-Americans	3,251	Various	2,103,741.00

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING
E & D

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	HEW FUNDS $
14.	Wanamaker High School Philadelphia, Pa.	Demonstration program	60	Human Service Aids Teacher aids Audio Visual Specialist G.E.D.	33,408.
15.	Florida A & M University Tallahassee, Flordia	Cooperative Training	180	Nurse Aide Auto-mechanic Helper Draftmen Clerk-typist Cooks	225,477.
16.	North Carolina Manpower Development Corporation Chapel Hill, N.C.	To use an experienced Manpower Training Organization as a catalyst,	530	Basic Education and employment motivation	226,701.
17.	Secretarial Opportunities Consortium Washington, D.C.	Secretarial Training	30	Clerical cluster Secretary Clerk-typist Clerk-steno	54,784
18.	Transportation Opportunity Program Pico Rivera, Calif.	To demonstrate how disadvantaged minority group persons can be trained and placed in comparatively high paying truck driving jobs operating through interstate Commerce.	528	Heavy duty truck drivers	358,965.
		TOTALS	6483		$ 4,902,235.00

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

Opportunities Industrialization Centers (OICs)

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	NEW FUNDS
1.	* OIC, Little Rock, Arkansas	To demonstrate that a community-based organization can use the community spirit to motivate trainees, obtain community and business support, and improve the quality of life of disadvantaged persons.	515	a.Alteration Tailor b.Auto Body Repair c.Auto Mechanic d.Cashier-Checker e.Clerk-Typist f.Electronic Assembly g.Furniture Upholstery h.Key Punch Operator	$127,983
2.	OIC, Oklahoma City, Oklahoma	To demonstrate that a community-based organization can use the community spirit to motivate trainees, obtain community and business support, and improve the quality of life of disadvantaged persons.	480	a.Clerk-Stenographer b.Electronic Assembly c.Sales d.Machine Tool Operator e.General Office Clerk f.Motor Mechanics g.Welder-Combination h.Home Appliance Repair i.Office Machine Service	$205,418
3.	OIC, Roanoke, Virginia	"	515	a.Welder-Combination b.Clerk-Typist c.Small Products Assembly d.Brick Masonry e.Auto Mechanics f.Alterations Tailoring	$140,573
4.	OIC, Menlo Park, California	"	418	a.Clerk, General b.Auto Mechanic Helper c.Key Punch Operator d.Welder, Combination	$156,862

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

Opportunities Industrialization Centers (OICs)

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	NEW FUNDS
5.	OIC, Dauphin County, Inc., Harrisburg, Pa.	"	286	a.Office Practice b.Bookkeeping c.Auto Mechanics d.Office Machine Repair e.Radio & TV Repair	$152,590
6.	OIC, Jacksonville, Florida	"	170	a.Welder, Combination b.Furniture Upholstery c.Clerk-Typist d.Clerk-Stenographer	$130,000
7.	OIC, Erie, Pa.	"	385	a.Welder,Combination b.Beautician c.Auto Mechanics d.Cook e.Data Processing f.General Office Practice g.Machine Tool Operator	$228,323
8.	OIC, Charleston, West Virginia	"	155	a.Auto Mechanics b.Auto Body Repair c.Clerk-Typist d.Duplicating Machine Operator e.Refrigeration Mechanics	$130,000
9.	OIC,Milwaukee, Wisc.	"	400	a.Welding b.Auto Body Repair c.Auto Mechanic d.Drafting e.Secretarial Science f.Machine Operator	$228,774
10.	**OIC,Camden, New Jersey	"	648	a.Building Trades b.Business c.Electronics Technician	$169,700

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

Opportunities Industrialization Centers (OICs)

	CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	NEW FUNDS
11.	**OIC,** Cincinnati, Ohio	"	650	a.Key Punch b.Auto Mechanic c.Furniture Upholsterer d.Clerical e.Machine Tool Operator f.Slipcover cutter g.Data Processing h.Broadcast Technician	$258,000
12.	OIC, Philadelphia, Pa.	"	1163	a.Cook b.Drafting c.Electronics d.Sheet Metal Worker e.Welding f.Masonry g.Building Trades h.Dry Cleaning i.Clerical	$995,000
13.	OIC, Minneapolis, Minn.	"	250	a.Mechanical b.Electronic Technician c.Clerical d.Graphic Arts e.Welding	$237,781
14.	OIC, Omaha, Nebraska	"	500	a.Electric Assembly b.Clerk Typist c.Machine Tool Operator d.Sheet Metal e.Welding	$203,465

NATIONAL PROJECTS CURRENTLY IN OPERATION IN THE DIVISION OF MANPOWER DEVELOPMENT AND TRAINING

Opportunities Industrialization Centers (OICs)

CONTRACTOR	PURPOSE	NUMBER TRAINEES	OCCUPATION	HEW FUNDS
15. *OIC, Dallas, Texas	"	660	a.Production Machine Operator b.Clerk-Typist c.Cashier-Checker d.Teletype Operator e.Proof Machine Operator f.Sales Person g.Alteration Tailor	$199,000
16. *OIC, Seattle, Washington	"	443	a.Electrician b.Electronics Mechanics c.Plumber/Pipefitter d.Pre apprenticeship e.Welder f.Auto Mechanic g.Clerical Cluster h.Carpentry i.Mechanical Draftsmen	$275,000
17. OIC, Washington, D.C.	"	1095	a.Auto Mechanic b.Body & Fender Repair c.Brick Masonry d.Carpentry e.Clerk-Typist f.Keypunch g.Offset Duplicating h. Stenographer i.Electronic Assembler j.Electronic Accounting Machine Repair k.Merchandising and Sales	$275,000
	TOTAL	8,733		$4,113,469.00

*Contractual arrangements through State Agreements.

**Funded through State Agreement.

THE RAILROAD INDUSTRY BASIC EDUCATION UPGRADING PROGRAM

A unique program of adult education is currently in the process of upgrading the education levels of 2000 railroad employees in the Chicago area. Training is being offered under a contract, signed August 13, 1969, between the U.S. Office of Education, the Association of American Railroads, representing seven lines serving Chicago, the Railway Labor Executives Association, representing twenty rail brotherhoods, and the Board for Fundamental Education of Indianapolis, Ind., which will provide the training.

This 14 month program is designed to raise the education levels of rail workers, especially minority group employees, in order to encourage subsequent refinement of job skills and to increase future job mobility. Althought the specific curriculum design for each individual is tailored to personal needs and industry job requirements, all trainees receive the basic reading, writing, comprehension, and computation skills necessary to assimilate sophisticated skill training. Workers also receive assistance in preparing for the GED examination. Mr. George Leighty of the Railway Labor Executives Association noted that this training, in addition to providing employees with "the basic skills and knowledge that may help them to get and hold better jobs, may (also) improve their feelings of economic security and may raise their self-esteem."

In addition, the program helps participating railroads meet increased personnel demands created by recent rapid advances in rail technology.

Training is financed by a funding authorization of up to $1 million in DHEW funds provided under the Manpower Development and Training Act. The rail lines and unions jointly select participating employees; with the companies providing training facilities. Federal supervision of the program is provided through the Division of Manpower Development and Training, U.S. Office of Education.

Design and operation of this pilot effort draws on the successful experience of a previous Penn Central/DHEW contract to train various categories of rail employees in the operation of new high-speed equipment now in service on the Washington-New York "Metroliner" run. The Chicago program may be extended to other areas based on the findings of the current training effort.

THE COOPERATIVE STEEL INDUSTRY ADULT BASIC EDUCATION PROGRAM

In the steel industry adult basic education program some 3360 steelworkers have received adult basic education and training for the General Education Development (GED) test in two successive pilot programs involving the cooperation of eight major steel companies, the United Steelworkers of America and the Federal government.

The principal goal of the program is to lift the workers' educational levels to enable them to qualify for training and job opportunities when available. With the rapid technological changes taking place in steelmaking, the need to increase the educational level of employees is of major importance. Workers need an educational base that permits them to be more mobile in order to move into more difficult job assignments and take part in company-sponsored up-grading programs.

At the request of the basic steel industry and the United Steelworkers of America, the Department of Health, Education, and Welfare with the cooperation of the Department of Labor agreed to make resources available through the Manpower Development and Training Act to support the pilot programs in plants in some 12 cities. The training program is being conducted by the Board for Fundamental Education of Indianapolis through a Manpower Development and Training Act contract with the U.S. Office of Education, Division of Manpower Development and Training. Total Department of Health, Education, and Welfare training funds associated with the two contracts amount to $1.9 million.

HOW THE PROGRAM OPERATES

The Board for Fundamental Education is providing the adult basic education program for a fourteen month period. Each employee who elects to participate is offered six hours of classroom instruction per week in two-hour sessions. Training is held on the plant premises in facilities provided by the steel companies. All training is on the employees' own time either before or after his regular work shift. All trainees have the opportunity of attending at least 150 classroom instructional hours. Individuals who need more than 150 hours of instruction in order to gain a certain level of proficiency may remain until that level is reached, regardless of the number of hours programmed. The trainees progress at their own speed and should some demonstrate a level of proficiency in less than 150 hours of instruction, they are graduated from that level immediately.

LEVELS OF INSTRUCTION

The curriculum includes two levels of instruction. The first level is the basic level—it is designed for those individuals who are performing between the 0.0 and 4.5 Grade Rated Scores (GRS) in both word meaning and arithmetic comprehension as shown on tests. A "0.0 person" is identified as one who does not know or cannot recognize the alphabet, or cannot demonstrate his ability to add, subtract, multiply, or divide. These workers will be graduated from Level I when they produce a test score of at least 5.0 on both word meaning and arithmetic computation tests.

Level II is the advanced level and is designed for individuals who are performing between 4.5 and 8.0 Grade Rated Scores in both word meaning and arithmetic computation. Workers are assigned to this class who have a functional sight vocabulary, but need more work in comprehension, inductive and deductive reasoning, and vocabulary development. A person with a functional sight vocabulary is one who can read the newspaper and communicate in writing. Individuals are assigned to this class who are skilled in the use of the basic functions of mathematics. Trainees will be graduated from Level II when they have achieved a test score of at least 8.0 GRS in both areas.

The cooperative steel program represents a pioneer effort on the part of labor, management, and the federal government; and should facilitate development of similar joint programs in the future.

Mr. Daniels. I listened carefully to your testimony this morning. Your entire statement was directed towards the Administration bill introduced by our colleague, Congressman Ayres, and I refer specifically to H.R. 13472. You did not make any reference in the course of your testimony to the other two bills introduced by two members of this committee, Congressman Steiger, who appeared today and questioned you a few minutes ago, and Congressman O'Hara's bill, 11620. Do you care to comment about the provisions of those bills? Are there any provisions in those bills that you think are good and should be given a good look at by this committee and incorporated in any bill that we may approve of?

Mr. Black. I will just make a general comment on them. I indicated in my statement, Mr. Chairman, that we think all three bills are going in the right direction and they all have basically the same thrust, which is trying to coordinate these various manpower programs and bring them under a single umbrella.

We quite frankly prefer the general outline of our own bill for the reason that we think it is more specific not only in establishing the Federal-State relationship but in its provisions for the cities through the pass-through provisions. It establishes a real Federal-State local partnership.

Congressman Steiger's bill, as we understand it and interpret it, does much the same thing but is not as specific in the area of the local relationship as the bill which we have is.

Congressman O'Hara's bill is even less so and leaves much more discretion in the hands of the Secretary of Labor and doesn't spell out the State and Federal, much less local, relationship the way that ours does. As the questioning this morning has indicated, there are always problems in trying to put together a program of this kind in how far you go in turning authority and responsibility over to the State and to the local community and how much of it you reserve at the Federal level.

I detect some concern here on the part of some committee members that we are keeping too much at the Federal level and some concern on the part of other committee members that we are giving too much to the States and not keeping enough at the Federal level. We think the legislation we have proposed strikes a happy balance between these conflicting considerations.

As for specific provisions of the other legislation, I don't think I would want to make any recommendations except to say as I did in my testimony that we certainly are not wedded to every line in this. Our feet are not in concrete on this.

Mr. DANIELS. Let's get down to the question of funding which is a very important question. We have heard that the primary thrust of this is full employment, guaranteeing a job to anybody who desires to work.

I have heard testimony by this committee to the effect that we need immediately one million jobs. Do you think that the amount of money authorized by the administration bill will be sufficient to guarantee employment in the immediate future to one million people. Or do you believe that the amount of money appropriated by the Steiger bill, for example, which is much more substantial than any other bill, would be the proper amount to authorize?

Mr. BLACK. Let me say first we don't interpret the bill as a bill to guarantee full employment. It is a bill to provide maximum manpower training and skill for people who ought to be in the labor market. As you know, there is a question about employer of last resort or public employment, which I think a full employment bill would cover to an extent greater than this one does. This bill does have a povision in here for public employment but as I think Secretary Shultz mentioned to the committee. It is not really the thrust of this bill to make the Government an employer of last resort. There are other legislative arenas for this kind of full employment legislation.

The basic thrust of this is manpower training to take people who lack the skills for today's labor market and help them get those skills. Our legislation at this point has no specific authorizations. It calls for such sums as may be necessary. I think that again I would defer to the Labor Department on the question of how much money they are recommending. Obviously, as they point out, the total recommended will be more than the sum of existing programs which could be pulled together here. HEW's part in this, as far as money is concerned, is in two areas.

One is with the programs we will continue to operate but which will be brought under the umbrella such as vocational education and rehabilitation.

Second, our family assistance plan will call for specific authorizations or specific amount of money for manpower training which will be appropriated directly to the Department of Labor. Our role in this will be to refer people who are on the family assistance plan to various manpower agencies for training or for employment.

But we will be recommending well in the neighborhood of a quarter of a billion dollars for that, which will be new money for people participating in the welfare program. But what will be recommended directly for the Manpower Training Act is something I think the Labor Department itself would have to answer, and I think that they have indicated that when the committee gets to the point of marking up the bill, they will be prepared to discuss specific dollar figures.

Mr. Daniels. Does the gentleman from Pennsylvania have any further questions?

Mr. Gaydos. We have provided under section 502 of the Ayres bill, a section for extended appropriations. They are talking about 10 percent when the national unemployment figures indicate for a 3-month period 4½ percent. I am assuming that 4½ percent was chosen as the figure based upon our economic approach generally.

We consider that a danger area and I assume that is why you picked that figure. It seems to be a general extended appropriations bill. I am concerned because particularly in the steel industry by the nature of the industry, the national unemployment figures may be 2 and 3 percent figure or 4 percent of the steel industry again because of its peculiar status in our national production.

Many times over protracted periods, it is 6 and 7 and 8 percent. The question I ask is, agreeing with the purpose of this provision, wouldn't it be better to break this down into a regional type of approach, that the unemployment figure in a specific area is so much, and let that be the governing factor rather than a national unemployment statistic?

Mr. Black. I can see some problem with that because, of course, you have your appropriations set up for a given year and the money is then allocated among the States and it would be hard to change those allocations.

There are, however, as I recall, a couple of provisions here that would apply. One, a percentage of this money—I believe, it is 20 percent or something like that—is reserved to the Secretary of Labor for certain projects of national importance and for research and demonstration, and I would think it would be quite likely that in specific problem areas of this kind, that the Labor Department would look sympathetically on requests to take that into account.

I think I am not, again, that familiar with the formula by which the money would be distributed but is there any provision in there for taking into account hard core areas of unemployment in distributing the money among the States in the first place?

Mr. Roudebush. As you said, this, of course, is one of the purposes of the national reserve account, to take care of local or even State or region-wide problems. It seems to me a very interesting proposition if we could use this triggering mechanism on a selective basis. I think we get into complications which should be examined a little bit further. We get into complications with the apportionment formula. We get into complications as to whether it would be open-ended with regard to type of occupations to be trained, if it arises out of a particular industrial situation.

I think maybe the thing could be looked at.

Mr. Gaydos. I would hope so, because the purposes set forth in the existing language indicates a desire to provide rapid action and I think that is how you get rapid action, particularly in those particular areas.

Incidentally, a correlary problem would be because of the 3-month period you talk about, three sustained or consecutive months, it is conceivable the national figures may indicate an extended appropriation, the machinery going into operation, and then 3 months if the figures again indicated a drop below 4½ percent, you would cut that 10 percent off and you are going to cut off somebody who is in the middle of a program.

Mr. Roudebush. The project would already be funded.

Mr. Gaydos. To its natural consequences.

Mr. Black. The money has been funded for that project.

Mr. Gaydos. One more question. I have a personal pet peeve against the OEO program, not because of its concept, because I believe it does result in a lot of good, but we have experienced horribly at times, administrators from all parts of the country coming into an area that have not even the basic fundamental concepts of the problems as such, and instead of helping, of course, the facts indicate they have destroyed the concept and purpose of the program as initiated and put into action. I am hopeful that in setting up some of our administrative agencies, that we don't subject ourselves again to individuals having the last say on these councils, et cetera, and area administrators that aren't part and parcel, although I see by your language you make references repeatedly to local administrators and officials.

But you have no guarantee under your existing language that that will occur. There are suggestions but no absolute guarantee that a mayor or council will be the designated agency.

Mr. Black. These decisions again would be made at the State and local level. The decisions wouldn't be made in Washington to hire the administrators and pick the people who are going to run these programs.

Mr. Gaydos. Unfortunately that is the same technical language that existed in the OEO program and we don't have the same results. I think that is one of the weaknesses, although I want to emphasize I agree with the purpose of the program.

Thank you for coming, Mr. Black, and your colleague for a very excellent statement.

Mr. Daniels. I want to thank you, Mr. Black and Mr. Roudebush, for your appearance here this morning. It has been helpful.

Mr. Daniels. Is Dr. Garth L. Mangum in the room? Dr. Mangum, will you step forward? I want to apologize to you for not being able to hear your testimony this morning because the House, which usually meets at 12 noon, is meeting at 11 o'clock today. I am fearful that if we start taking your testimony, that there will be a quorum call and it violates the rules of the House to hear testimony while the House is in session without the unanimous consent of the House of Representatives.

So rather than hear your testimony in bits, I think it would be better if we could take your testimony at another day and I will give you priority consideration.

Mr. STEIGER. If we have Dr. Mangum back, and I am sorry he will not be able to testify today, I hope it will be possible to put him on first.

Mr. DANIELS. That is what I meant by giving him priority consideration. If you will consult with the staff and select a date that is convenient to yourself, I will promise you now that you will be the first witness that day.

So any inconvenience that has been caused, I am sorry. Thank you, Doctor.

Our next hearing will be held on Wednesday, February 25, 9:30 a.m. in this room. So the committee stands adjourned until next Wednesday, February 25.

(Whereupon, at 11:15 a.m., the hearing adjourned, to reconvene at 9:30 a.m., Wednesday, February 25, 1970.)

MANPOWER ACT OF 1969

WEDNESDAY, FEBRUARY 25, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:35 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. James G. O'Hara presiding.

Present: Representatives O'Hara, Gaydos, Quie, Steiger and Collins.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant; Charles Radcliffe, minority counsel for education; and Dr. Marty LaVor, minority legislative coordinator.

Mr. O'Hara. The Select Subcommittee on Labor will come to order.

The purpose of today's hearing is to hear further testimony with respect to H.R. 10908 and H.R. 11620 and H.R. 13472 and related bills dealing with manpower development and training.

Our first witness today is Mr. Oswald W. Zeidler, president of the National Tool, Die and Precision Machining Association.

Mr. Zeidler, welcome to the Select Subcommittee on Labor. We are interested in hearing your testimony.

STATEMENTS OF OSWALD W. ZEIDLER, PRESIDENT, NATIONAL TOOL, DIE & PRECISION MACHINING ASSOCIATION, AS PRESENTED BY MR. DETWEILER; VERNON F. DETWEILER, CHAIRMAN, NTDPMA APPRENTICESHIP AND TRAINING COMMITTEE, AND JOHN D. DEWHURST, FORMER PRESIDENT, NTDPMA, AND MEMBER, FEDERAL COMMITTEE ON APPRENTICESHIP, HARTFORD, CONN.; ACCOMPANIED BY WILLIAM C. BRASHARES, PARTNER, PEABODY, RIVLIN, KELLY, CLADOUHOS & LAMBERT, NTDPMA LEGAL COUNSEL

Mr. Detweiler. I have a statement to read for Mr. Zeidler. My name is Vernon Detweiler and I am president of the North Penn Machine & Tool Co. of Telford, Pa., which is outside of Philadelphia. I am here in my capacity as chairman of the apprenticeship and training committee of the National Tool, Die & Precision Machining Association.

The president of our association, Mr. Oswald W. Zeidler, who is president of Zeidler Tool & Die, Inc., in Detroit, Mich., was scheduled to lead off our testimony this morning but was unable to join us due to illness. I, therefore, will present both Mr. Zeidler's testimony and my own.

Let me introduce also our third witness this morning, John D. Dewhurst, who has been both a national leader in the training movement of the last decade, as well as the driving force within our association in our apprenticeship and training programs under contract with the Federal Government.

Mr. Dewhurst, in addition to managing one of our industry's most modern and successful companies, has served on numerous Federal, State and local committees concerned with manpower training. He recently served on the congressionally mandated Committee on Administration of Training programs, which rendered an important report in 1968, and he continues to serve on the Federal Committee on Apprenticeship. He has recently retired from his own company and is presently engaged in consulting work and various public service activities in the manpower training area.

Also joining us this morning is our association's legal counsel, Mr. William C. Brashares, a partner in the Washington firm of Peabody, Rivlin, Kelly, Cladouhos & Lambert.

With the subcommittee's permission, I would like to proceed with the testimony of Mr. Zeidler and myself and then ask Mr. Dewhurst to complete our presentation.

Mr. O'Hara. Very well.

Mr. Detweiler. Reporting for Mr. Zeidler. I am appearing this morning as president of the National Tool, Die & Precision Machining Association, a trade association comprised of over 1,500 small and medium-sized businesses in the metalworking industry. In many ways, our industry is unique: Its businesses are generally small, but its work is extremely complex. Its products and services are critical to all hardware production, and in times of defense mobilization the industry has proved over and over its essential role.

Before any gross national product is achieved, the tools required for mass production must be built by our industry. Therefore, a healthy tool and die industry is essential.

The industry was built and expanded on a foundation of skill and craftsmanship, its greatest asset being its highly trained and experienced manpower force. The demand for the industry's services has expanded faster than its ability to increase that skilled force and hence there is rarely sufficient skilled labor in the machinist and tool and diemaker crafts. This explains the long and intensive efforts by the industry and our trade association to train new hands.

Our industry's deep involvement in manpower training began long before Congress enacted the Manpower Development and Training Act of 1962, indeed long before training became a matter of public concern at all. When the Federal Government brought new programs and new funds to the task in 1962 our industry immediately became a principal participant.

Beginning with our first national training contract with the Labor Department in 1964 covering 500 apprentices, we became essentially the prototype national training program, with unique characteristics.

We pioneered in on-the-job training, putting trainees in hundreds of small companies. We developed tailormade textbooks and curricula to fit the realistic demands of the business. And, most importantly, we initiated successfully a program of putting trainees in plants, on payrolls, on a career basis. Our overall rate of first-year attrition, about 20 percent, is incredibly low considering the length and difficulty of training in the skills of our industry.

In the last several years, as emphasis has shifted more toward training and hiring of the disadvantaged, our programs have found new and successful means of creating job-entry training opportunities providing long-term career prospects, and of adapting our recruitment and training tools to the circumstances of these individuals.

To date, our national training programs under MDTA contracts have enrolled nearly 7,200 persons. We have administered nearly $15 million in Federal training funds. These efforts have helped our industry as well as many of our customers and related metalworking industries that have obtained our graduates.

We think also the programs have achieved noteworthy rate of success in developing jobs, good jobs, for persons who would otherwise have been unable to escape substandard living and employment circumstances.

We want to continue and expand our training efforts. Our industry needs it, and the country demands that our industry be strong and capable. Thus, we have a great interest in Federal involvement in training and employment. We have also, we hope, a basis for offering our views on how future Federal training activities can be most helpful. That is why we are here today.

The administration's thoughtful and far-reaching proposals for consolidation of Federal training activities and a greater degree and sharing of responsibility with State and local training facilities come at an opportune time. The administration has wisely determined that training can be the most important tool to attack poverty and inequiality of opportunity, and that many new hands and many new ideas can be harnessed in this pursuit.

No one program and no one agency is sufficient for this task. We firmly believe in encouraging more State and local involvement in training as proposed in H.R. 13472 and H.R. 10908. Much can be improved in our training by local treatment of particular local needs; by bringing both plans and expenditures closer to the constituencies directly affected.

We also support enthusiastically the proposed consolidation of present manpower training, work-training, and related programs so that the Government can offer comprehensive job development asssitance "at one window" rather than requiring the individual in need of help to shop from agency to agency and program to program.

Consolidation, of course, is no magic solution. It may complicate more than simplify, and certainly it will require tremendous administrative efforts to put together truly comprehensive "package" programs.

On the other hand, hopefully, consolidation will occasion a thorough rethinking and a careful ranking of priorities that will bring greatest efficiency and greatest results in Federal training programs.

With these general remarks of support for the basic objectives of the administration bill, I would like to ask our Association's current Apprenticeship and Training Committee chairman, Mr. Vernon Detweiler, to mention more specifically some of the matters we feel Congress should consider in enacting new manpower training legislation.

That was the statement of Mr. Zeidler that was given to you in his absence due to illness.

I will proceed with my own statement.

Mr. Chairman, and members of this distinguished subcommittee, we indeed have substantial experience under present manpower training laws. Much of our Association's time and all of my particular committee's time is spent on expanding and sharpening our own training programs. We spend much time, for instance, on developing new texts and instructional materials. For example, we have for some time been developing a series of visual aid training programs including filmstrips and explanatory teaching material to teach the metalcutting trades and encourage young men to enter them as a life career.

One of our principal educational tasks—and I think this should be a national objective as well—is to reach the high school student who could enter our skilled trades and find both satisfaction and prosperity at a very young age, but who feels great social and often parental pressure to go to college, regardless of what his aptitudes and inclinations might be.

We welcome the participation of more State and local training facilities in manpower training, as encouraged by the administration's pending bill.

Mr. O'Hara. May I ask a question at that point? By that, do you mean to say that you are looking forward to the requirement of contracting with a separate entity in each city and State in which you will have training programs?

Mr. Detweiler. Mr. Chairman, if I may defer for a moment, I would like to complete the statement, if permissible.

Mr. O'Hara. I would like an answer to my question.

Mr. Deteiler. I would like to say at this point that the experience we have had in the past contracting with the Government directly has been very excellent and has worked out very, very well. What we are saying here is that there are some cases where probably the local administration could fill certain needs in certain areas that we possibly are not filling now over the broad front in areas other than the metalcutting trades, sir.

Mr. O'Hara. You think it is a good idea, but not for your particular contract.

Mr. Detweiler. Precisely. We like the way we are doing it now.

May I continue with the statement?

Mr. O'Hara. Please do.

Mr. Detweiler. We also welcome the entrance of new private as well as public entities into federally initiated training activities. I note in this regard the imaginative use by the Labor Department of consortia of small businesses in contracts under the JOBS program. There are, we want to stress, many public and private entities that can help to train and give productive employment, and we must devise a variety of tools so that some way is found to bring all of their talents to bear on the need.

In this regard we should note what we feel to be the unique advantages of national training contracts between the Labor Department and the Department of Health, Education, and Welfare and national trade associations such as NTDPMA. A trade association can be an ideal training planner and administrator if it has the necessary personnel and represents an industry that is anxious to train and able to employ its trainees.

Our association can, more effectively and without the need for a new intermediary, do what the new consortium entities are designed to do: Offer group training and employment opportunities in workable numbers, thus enabling participation by small companies that could never economically operate under an individual Federal contract.

Thus, what a trade association can accomplish in one area, a consortium arrangement may be needed to achieve in another area. Likewise, what a national trade association can accomplish under a national contract with the Labor Department, a local or regional entity may accomplish equally well under State or local jurisdiction as contemplated by the administration.

Recognizing the peculiar attributes of national contracts in given situations, we strongly support the provisions of the pending bills specifically reserving a portion of Federal manpower training appropriations for direct Federal contracts such as ours. Our relationships over the years with the Labor Department's Manpower Administration and the Office of Education's Division of Manpower and Training in HEW have been extremely constructive and have produced results that would have been long delayed or perhaps precluded under a multitude of separate local contracts.

The Labor Department's initial planning assistance and subsequent field supervision have brought many advantages of uniformity and maximized the circulation and utilization of new methods and ideas. The Division of Manpower and Training in HEW has been most helpful in channeling our highly modern textbooks and curricula into the vocational classrooms where our on-the-job trainees begin.

On the basis of our training experience, we would like to suggest also that highest priority be given in the legislation to methods of developing and funding programs that offer the greatest promise of job career development—that is, a permanent, career job with room to improve and to move up, rather than a temporary function that is not economically justified once the subsidy expires. There is a natural tendency to look too anxiously at enrollment figures or, in the JOBS program, perhaps, at overnight employment figures. We must not train in the abstract, and accordingly the manpower training laws should not permit funding of programs, directly or through local agencies, that do not point directly and realistically to satisfactory long-term employment.

Shortrun "off-the-street" training and employment can be not only very wasteful but disillusioning to those who accept this public assistance. The ability to hire and retain its trainees has been the hallmark of the NTDPMA training effort. This means not only immediate assurance of a job but of a career as well. We think this job development capability is what Congress and the Labor Department should accord highest priority in determining what new tools to create and how to use them.

At this point I would like to yield to a man who is truly our association's senior statesman in manpower training, Mr. John Dewhurst, who will offer some specific recommendations on the pending legislation and its implementation by Federal and State agencies.

Thank you, Mr. Chairman.

Mr. O'Hara. Mr. Dewhurst?

Mr. Dewhurst. Mr. Chairman, and members of the subcommittee, I would like to proceed with this testimony this morning, but first, I would like to say that I am delighted to see Steve Berman from the concentrated employment program in Hartford, a longtime friend of ours. We have mutually supported each other in many of our aims.

I appreciate very much the opportunity to talk to you this morning in relation to the National Tool and Die and Precision Machining Association stand on the current bills.

There has been much progress in manpower training since the early 1960's when I and many others first came to Congress to urge Federal programs in this area. Congress and and the Departments of Labor and Health, Education, and Welfare, in particular, deserve highest praise for launching these important and successful programs and refining them over the years to better serve their purposes.

At the same time, it is an appropriate juncture to determine how far we have come and what tools we must have and add to go further. We have made a step forward in the recognition by the current administration and this Congress that training programs can fill a principal role in attacking some of our country's deepest social and economic problems, problems which find their roots in the unavailability of education and employment opportunity.

Mr. O'Hara. I ask the witness what he thinks this administration has done to make education and employment opportunities more available?

Mr. Dewhurst. I believe there have been strides made in the restructuring of some of the programs that have been going on.

Mr. O'Hara. For instance?

Mr. Dewhurst. I believe in the area of the JOBS program, which had been faltering badly, and it still is, but there have been strides made to try to overcome some of the deficiencies.

Mr. O'Hara. It isn't as bad as it used to be?

Mr. Dewhurst. It may be. I am not quite aware of that. There has been some improvement. We have seen some changes made in our own instance, our own company, our former company. We have made some innovative approaches to the problem, and we think that it is going to improve the JOBS program. The principal problem in the JOBS area—if you don't mind, I will pursue this thought a little bit, rather than dealing with the piece of paper.

Mr. O'Hara. Please do.

Mr. Dewhurst. There are two principal problems in the JOBS program, as I see them. The first is that there is no prejob training component required, and I personally believe thoroughly in prejob training components in all training programs before you put a "green" man into a company where he doesn't know what is expected of him, and has no way of knowing what is expected of him unless he has been trained to do part of the task that is expected of him before he shows up on the doorstep.

In addition to that, today we are faced with the problems of disadvantaged people coming into the work force, and if the job site hasn't been prepared by sensitivity training for those who will be doing the training and the employees that are there, you have lost the ballgame already, and you are going to have high dropout rates.

In addition to that, there are other things such as prefunding. Let's talk about consortiums for a moment. They are a great idea, but the problem lies in the several months of work necessary to pull one together. There is a great deal of effort, literally months. In our case, we have just recently completed acquiring—if I may use that term—a JOBS contract, and I believe it took over 9 months; the common gestation period of a child is of the same term. It is not unusual to see this sort of thing.

The reason it took us that long is that we felt the normal consortium plan of operation just didn't cover the deficiencies which we knew to exist, particularly in the area of prejob training for technical and remedial and basic reading, before going on the jobsite, and in addition to that, the question of sensitivity training.

Of course, in addition to those things, there is the busing problem and the child-care problem, and all those other things that you know so much about, that occur constantly day after day, so I am not telling you anything new.

But we feel very strongly that these things can only be overcome by a strong prejob training element, and in a consortium, the major problem in getting them started is a lack of prefunding.

Now, one of the problems in a consortium is that CEP, or some other agency, the Employment Service or whoever, supplies the recruits and selects and supplies the troops.

The troops, even if they go to a prejob site for training, unless all the elements of the structure are there, including the sensitivity training both ways, for both the new employee and the jobsite people, the foreman and supervisors from the companies where these people will be ultimately employed, unless you have that element, you are dead. There is no way to get there.

This all takes money, and if Uncle Sam is going to pay after the fact, rather than before the fact, you are really precluding good prejob training, and it is an essential element.

Currently, as best as we can judge, it takes 60 days after you have started your program to get your first infusion of cash.

Now, this may be fine for General Motors or Chrysler, but it is not worth a darn for Arrow Tool Co., or anything like them. It is not worth a dime for anybody who is doing a first-class knowledgeable job, not just a conscientious job, but a knowledgeable job, so those two points I would like to stress strongly, prejob training and prefunding.

They are absolutely necessary to make the JOBS concept work.

I would like to move on to that point.

Mr. O'Hara. Do you feel that substantial progress has been made in remedying those defects?

Mr. Dewhurst. I think they have recognized they have a problem, and I think that when they realize they have a problem, that is a positive accomplishment.

Mr. O'HARA. I think there have been a lot more problems than the ones you have described.

Mr. DEWHURST. Oh, yes; I am centering on the ones that face industry in trying to get into the game. You see, if you played a consortium route, where the chamber of commerce is the sponsoring agency, they have another set of problems, because they are putting diverse industries into a consortium, and how are you going to properly put the technical aspects of prejob training into it as well as the sensitivity training as well as the remedial and basics and all the other things that have to come into play?

I firmly believe that getting the instructors from the final employers' companies, the people who are going to do the instructing, the foremen, the supervisors, the journeymen, whoever they may be that are going to do the instructing. They have got to get it in their head that the person who is coming into the work force is scared to death, first off, as we all were on our first job.

Now, admittedly, all of these disadvantaged folk that are coming in aren't on their first job, but they have problems, and we have to recognize they have problems. I am sure Steve Berman can, and will, relate—I haven't talked to him about it, but Steve is aware of a number of the problems that we have seen in our own company over the years and the programs across the country, where I have traveled extensively reviewing these programs in one form or another since before MDTA days.

In passing, in 1954, before it became popular to be concerned about disadvantaged people, we initiated a program in our company to bring disadvantaged people into the work force. It is something that we were brought up to believe was right, and we were dealing in those days with our own money, and we developed the scheme of action of prejob training, the first year, first in 1954, and then proceeded from there to invite companies of the Tool and Die Association local, and also major companies that are based in the Hartford area into the program in the succeeding years of 1955, 1956, 1957, and we skipped 1958 because of the recession, and my recollection is that we went on, then, to 1959 and 1960, and we skipped 1961, and when MDTA showed up in 1962 or thereabouts, and in 1963, and cash became available; it was the plan of action that has been followed by many, many industries.

So when the switchover came in the MDTA orientation, where in 1962 it was based on changes in technology putting people out of work, and upgrading was needed, and then the emphasis switched to the disadvantaged, and rightly so, we had been working in those areas since 1954. We knew the game, and we have had a chance to run a little bit ahead of the pack.

When we go further into this question of the basis of MDTA now, we have got to concern ourselves, again, about upgrading under the bills that are being considered now, the upgrading factor has to be paid attention to.

If we put money into upgrading, that then relieves the lower skilled entry jobs of the pressure of someone being in the spot, and opens up that spot for someone from the unskilled force to come into the employment market.

So, the emphasis now is back, or should be back, to the upgrading emphasis of the troops that have been brought in.

Now, again——

Mr. O'HARA. Do you feel the administration bill handles that properly?

Mr. DEWHURST. I think there are some questions here that are due for an assessment. I don't think the administration bill is the end-all. I think there are changes that have to be considered. I think the question of New Federalism is worthwhile. I think there has been too much emphasis put on approvals at too many levels.

For instance, by 1967, there were 27 approvals that were required for programs. Now, this is just too many for anyone to bother with, and that is why national contracts become such a good vehicle to channel funds, so that if you had a properly structured training association, an association that had a training structure, you could then see that the programs could work well.

If you had an association that was not properly structured, then you still had nothing, whether they had a national contract or a local contract.

One of the problems that I see in going the full route in only local—I shouldn't say only local—is the administration's proposal of 25 percent remaining in Federal hands and 75 percent being in local hands. I am concerned about that.

The problem, of course, is that you don't really know how many dollars you are talking about, regardless of what the percentages are.

We want to urge that national contracts be continued; we want to urge that good programs be continued. Let's not throw something away; change for the sake of change. If programs are producing, as ours is, for instance, with a 20-percent dropout rate, and $2,200 per employee—but let's recognize that this $2,200 per employee really has been increased because the people hang in there. They go to full term. After their school with Federal funds, there is still for the most of them an additional 3 years of training, where there are no Federal funds involved. So, our members are spending upwards to six or eight times the Federal input.

I think this could be hurt if we go too heavily to local control. I think all of the elements, all of the potential entity, whether it is local, State, national associations, national trade unions, joint trade unions, I think all these things should be used.

I feel rather strongly that we have got to avoid making change for the sake of change.

There is one problem area that I would like to hit on if I may proceed with a different thought.

Mr. O'HARA. Please do.

Mr. DEWHURST. There is one problem area I would like to hit on which is still a significant factor and having deleterious effects on programs, national or local programs. It wouldn't make any difference. This is the question of the length of time of funding. It is rather difficult to get more than fiscal year funding, and I firmly believe that, knowing that there have been some exceptions made, they have been made in our case, for instance, of exceeding the fiscal year—I think we have had some 18-month contracts—but it is difficult to negotiate those. I think it should be made easier to get more than fiscal year funding. I suggest the Labor Department be given specific authorization to permit funds for the entire term to a maximum of the MDTA programs, to a maximum of 2 years.

In effect, those funds would be regarded as expended at the time the contract is signed, and even though the actual transfer of the funds wouldn't come until a later date in the second year.

We have touched rather heavily on the consortiums so if we can skip over this area in my formal testimony, you can read that stuff better than I can. I will not bore you with that.

I am picking up on page 7, the second paragraph. In both the manpower training and JOBS programs, we are seeing increased participation by consortiums as contracting entities with the Federal agencies. Like most new approaches, some experience is needed before the most workable form can be achieved. It should, however, be helpful to consider in these hearings that needs justify a consortium type contract and what existing facilities should be utilized in their training performance.

I am referring specifically now to prejob components, and I want to bring out that I understand last week Assistant Secretary Weber reaffirmed in another hearing that the consortium method was conceived to bring small businesses into these programs. We have got to pay attention to small business, because of the large number employed there. I am not concerned about the big fellows. They know how to take care of themselves pretty well. I am more concerned about the small fellow and about the humanistic values that are involved in bringing people into the work force so that they don't get discouraged, and so that they have been primed to go to work some place and a small outfit can't negotiate, he can't negotiate his deal with a Federal or local agency. It gets difficult. So, there is justification for consortiums.

These consortiums, as we see it, are nothing different than the administration of a single entity as a national trade association, such as ours. You are really talking about the same kind of animal, provided that the consortium is structured for training.

Considerations should be given to whether the consortium approach has been sufficiently used by small business rather than large business. Ways should be found to maximize the small business involvement in consortiums, and two principal suggestions would be improved prejob training and advance funding as we have discussed earlier. Further, both the recruit and the small business would benefit greatly from sensitivity training for the existing plant employees and supervisors.

One matter that will have to be considered in the future regarding consortium arrangements relates to the residual benefits of Federal training programs for local educational and community institutions. We should not forget the many benefits that have been derived by local vocational schools, for instance, as a result of Federal training contracts which involved use of these local facilities and which resulted in the introduction into them of new and modern techniques and curriculums.

We have literally raised Cain with some of the schools. There is no question of it, and we have had great help in raising Cain by HEW's Division of Manpower Development and Training. They have backed us 100 percent in our fight to introduce modern techniques and training materials into these schools where they are training for our people. We consider these people our people, because they are an essential part of keeping us alive, and we are an essential part in keeping this Nation healthy in producing the tools without which you build nothing that is material around here or that you are used to dealing with, in your automobiles and every place else. We will not belabor that point, but our industry has to stay strong, and we have had difficulties for many years in building our work force, and we have spent enough time and money on it so that if it were only time and money we would have had the thing licked.

We criticize the vocational schools, sure we do, but on the other hand, there have been a lot of residual benefits from our program. They are teaching today so that they are producing an acceptable product in many areas, that is acceptable to us, and after all, we are the fellows in the final analysis who meet the payroll and we are the guys who have to be satisfied.

On the other hand, we have got to consider private institutions such as have been formed by our association and our association members in several locals—Rochester, New York, in Watts—specifically in Watts—and then it will do your heart good if you are somewhat of a liberal to walk in there and see how many dark faces are in our school in Watts. We are currently opening, or in the process of opening, an industry school in Springfield, Mass. I am not sure that there are others that are being opened. So that we feel we should not exclude private institutions where it is felt that our own time and money with some subsidy from Uncle Sam to help us over the hump of startup, and in particular in the prejob training of these people.

After all, a young man or a young woman can quit the job at any time, and if the industry is making an investment, if they were making an investment in the machine tool, the machine tool stays, whereas the investment in training belongs to the one who is getting the training, and it goes with him when he leaves, and rightly so. So, we feel that we have got to do everything that we can to find every avenue. We can't throw away the old. We have got to be searching for the new.

The competitive nature of duplicating procedures has proved successful. This is without saying that the United States was built on the competitive nature of things, and the 1968 report of the Committee on Administration of Training Programs, on which I served, the committee was established by congressional direction, and was participated in by the Secretary of Labor and HEW, and the Director of OEO, and was created to study waste duplication, and inefficiency in federally financed training programs, and that committee's report concluded duplication could offer competitive benefits, and was not necessarily wasteful.

I would like to pass on to a couple of the other ideas, one of them being that I feel we would recommend that Congress create a nonpartisan, independent commission whose job would be to suggest the most effective roles for different agencies under existing and new legislation, and which would monitor the performance of the various agencies, Federal and State, involved in training so as to maintain a continuing assessment for the performance of each body and the degree of coordination among the various parties.

I have served on enough task forces and study groups to want to emphasize that the body I am recommending would not be intended for academic interest. Police weasel words and avoid getting to the point, and nobody reads the material but their mothers. My mother has sense enough not to read the stuff I write.

But I am certain that if such a nonpartisan independent body, permanent commission were established, and if direction were given that its production not be for academic interest, but that it be a continuing referee, and with more staffing than the lower level, somewhat loosely structured Comprehensive Area Manpower Planning body (CAMPS) that now attempts to serve all masters in a coordinating function. If the responsibility is spread too far, there is no control. So, therefore, this new body would help to bring about a structure wherein each agency would bring about what it is best suited to do. Surely the importance of training in this coming decade would justify such a new body.

I would like to bring up an old idea that we had brought before Congress probably 10 years ago, and we had stressed at the Federal Committee on Apprenticeship, and they had study bodies, and it is a question of tax credits for training. I know it is not popular to think that today under the fiscal problems of today that we are going to get tax credits for training, but I still think it is a valid tool. I think the more we talk about it and think about it, that any tool that we use, whether it is a direct subsidy paid out after the fact, or whether it is a tax credit that in effect is prefunding, without the administrative load, the sooner we will try such new tools. There have been tax credit bills that have been around. Some of them are good, and some of them aren't quite so good. I personally believe in a tax credit bill that would clearly delineate what expenses, and only listed expenses, and it does not include wages, in my mind—that is a dangerous point—I think those things that have an impact on quality of training, rather than just quantity, so that we get away from the worrying about who is trimming Uncle Sam. If we clearly delineate those items of expenditure that are available under the tax credit, and, further, we set a limit of dollars or percentage of profit or whatever vehicle is chosen to be used, I think that it would reduce administrative problems greatly.

I would like to point to the Presidential task force, the President's Task Force Minority Report in the 1968 President's Task Force on Occupational Training in Industry. Our executive vice president, Ed Hardman, participated as a member of that task force, and at that time he was the principal advocate of a many-faceted training structure that envisaged using tax credits.

Thank you very much for listening to me. I appreciate this opportunity to stand on my hind legs and get at you.

Mr. O'Hara. Thank you very much.

Mr. Steiger?

Mr. Steiger. Mr. Dewhurst, you represent an association which has had or does now have MDTA contracts, is that correct?

Mr. Dewhurst. That is correct. We have had national contracts since 1964. We have had local contracts since 1963.

Mr. Steiger. One of the points that you make on pages 7 and 8 of your statement relates to—it is page 9, excuse me—relates to a twofold matter, and I would be interested in your specific comments on two things. One is the relationship between HEW and the Labor Department. You say that you have used the Division of Manpower Development Training in HEW, and think highly of it. I am not clear, however, from your testimony as to whether or not you feel that any or all of the bills which we have before us would tend to limit the role of HEW, or cause a problem.

Mr. DEWHURST. In my review of the bills, I felt each of them had some strong points, and there were some points that needed strengthening. I think there is a compromise needed among all of them, and I think we ought to keep in mind that this is the name of the game. There are different constituencies that have to be served, and since different constituencies have to be served, I think that each of the three bills under consideration need some modification for them to be acceptable to me personally.

Mr. STEIGER. What, specifically, for example, would you suggest we modify in order to meet what we are talking about?

Mr. DEWHURST. One of the things I had mentioned specifically earlier was that under the administration's bill there is a limitation of 25 percent left for Federal control, for final Federal disposal.

(Representative Gaydos presiding.)

Mr. DEWHURST. If it is 25 percent of $4 billion, that is one thing, but if it is 25 percent of $2.474 billion, that is another story, so that if you determine in Congress that it is going to be 25 percent, I think that we are asking for trouble, because you don't at the same time say how many dollars you are going to spend.

So there is one specific instance where I would like to recommend that.

Mr. STEIGER. Are you opposing decategorization of the present programs which all three bills provide for?

Mr. DEWHURST. No, not as such. My concern lies with the potential of breaking down of valid training structures that currently exist under national contracts. That is where my principal concern lies this morning.

Mr. STEIGER. The constituencies being served, you are concerned about a particular program of the Association.

The problem obviously lies with whether or not that ought to be a legitimate concern of Congress, or whether or not our role is one of attempting to find out what best works to serve people who need training for valid jobs.

Mr. DEWHURST. I understand. Let me say this about that. We have noted—you would have noted in our conversations earlier that we speak of the humanistic values. We are concerned about people. I personally am more concerned about people than I am about jobs affecting our industry at this moment. I personally am.

If I am speaking for the association, I have to be concerned about the possible bad effect that a decategorization might have on them.

At the same time, I think I serve my own purpose in being concerned about human values. My own purpose in dealing with human values is to see to it that everyone that possibly can gets an even break in this game of life.

I am very concerned about these things, because it is something we have always done, something we have been concerned about. It is the way we were brought up, so I can't think that if we destroy a system that is producing jobs that you are not going to hurt those people who can reasonably expect to have jobs.

Mr. STEIGER. Clearly, one would have to assume that no one is attempting to destroy a system that is working. My bill and the administration's bill, and all of them, provide for the Secretary of Labor to contract on a national contract basis of the kind that you now have. It might create problems in that there would be a greater competition, if the funds were limited, to find those programs that are working best. Is that correct?

Mr. DEWHURST. That is correct. That is what I am concerned about. I am concerned that any time we have a system that is working of taking a chance on destroying that system.

Mr. STEIGER. Are you really?

Mr. DEWHURST. I am, very much so.

Mr. STEIGER. I am trying to find out why you say we are destroying the system.

Mr. DEWHURST. I have fear of destruction of such a system.

Mr. STEIGER. What about the problem of the whole concept of decentralization. From what you said, you feel that there ought to be greater power with the Secretary of Labor.

Mr. DEWHURST. I didn't indicate greater power in the Secretary of Labor. I felt greater power should be in a commission whose duty it is to assess whether or not those programs that are under the control of HEW or the Secretary of Labor, or wherever they may lie, that those programs that provide the best for all are carried on. That is where my concern is. That is why we have recommended a commission that is sort of a super-CAMPS at the top level. CAMPS today is a body from eight agencies. If you have eight agencies dealing with manpower training, I suggest to you that there is competitiveness existing within those eight agencies, and there can be times when the best interests of the client is not served.

In this case, I have to think that the client is the person who needs the training. That is the first consideration.

I think at times the strongest agency or the longest talker or the loudest talker at such a meeting may be the one that wins the point. They cannot be dispassionate when they are dealing with a number of employees in their own department, the number of dollars under their control and this type of thing. That is why we recommend a commission on a super-CAMPS basis.

Mr. STEIGER. I think that is worth some thought. I appreciate very much your raising that problem this morning. I am not satisfied that that is the proper mechanism, frankly.

Mr. BRASHARES. Could I clarify one thing? I think your question earlier wasn't really answered fully about what the interest of this association is and what interest Congress should have in responding to that.

The interest of the association here today is to say they have a program, they think it has worked, they think Congress should look at it and determine whether that type of program is in the national interest and whether it should be continued and encouraged under the new legislation.

Congress should have no concern at all as to whether the association gets further training contracts.

At the same time, I don't think we would like to leave the impression that the association is tied to past practices or past programs. That would be unfortunate, because the Association has really been an innovator in developing new programs along the way, and certainly the association will remain in the training field under any new programs that Congress or State governments come up with.

What we are trying to say here today is that this is our experience, this is what works, we hope you will not rush too abruptly in some new direction and ignore these past values.

As far as the State and local jurisdiction, I think the point can be summed up as follows: The more hands in the fight, the better. The more people who are willing to help, fine. The dispersion of funds according to a formula, as in your bill, makes sense. But let's consider this essential point. Let's not give everybody a piece of the money because they are there. Let's reward the best programs which promise the best results, and that is, I think, essentially our position. We can't say that in any one bill there is a provision that is not good, or that needs a new provision. We are saying, "Let's go into it with these general thoughts."

Mr. Steiger. That is a good statement. Thank you.

Mr. Dewurst. Thanks for telling him what I was trying to say.

Mr. Gaydos. Mr. Collins?

Mr. Collins. I just want to commend you on this excellent statement you have made, and I particularly endorse your idea about tax credit as an additional thought that we might consider in the future. I think there is a lot of merit in that, and I hope the time comes when we will bring that into the picture.

Thank you, Mr. Chairman.

Mr. Gaydos. Thank you, gentlemen, for appearing before our committee. As I understand it, your testimony was lengthy, but important. I know it is going to be very meaningful. Thank you very much.

Mr. Detweiler. Thank you very much.

Mr. Dewhurst. Thank you very much.

Mr. Gaydos. Our next witness is Dr. Sanford Kravitz.

Doctor, it is my pleasure to welcome you here before the committee. I know you have a rather lengthy report, and at your option, you may go through it in detail.

Dr. Kravitz. I will try to go through it rapidly, Mr. Chairman.

STATEMENT OF DR. SANFORD KRAVITZ, DEAN, SCHOOL OF SOCIAL WELFARE, STATE UNIVERSITY OF NEW YORK, STONY BROOK, N.Y.

Dr. Kravitz. Thank you for the invitation and the opportunity to appear before this committee and to testify on these vitally important pieces of legislation.

I am the dean of a school of social welfare, and I do not purport to be an expert on problems of manpower. I bring certain other credentials and experience to this task.

I was the program coordinator for the President's Committee on Juvenile Delinquency under Attorney General Robert Kennedy; I served as Chairman of the Task Force on Urban Areas and President Johnson's group planning the war on poverty; and then for 2½ years, I directed the research and demonstration program of the Office of Economic Opportunity. This was the unit that developed the Upward Bound program, the foster grandparents program and the neighborhood health center program. My special professional interests have been in areas related to delivery of services, particularly to the poor.

In preparation for this testimony, I have interviewed a dozen persons who are directly engaged in frontline manpower programs. The ideas presented in this testimony reflect these sources as well as my own experience and convictions.

The critical starting point in assessing any legislative proposal relates to the problem definition which the legislation implies. A feeling for its philosophical perspective and underlying assumptions is a necessary backdrop for assessing the appropriateness of its plans or recommendations.

The Manpower Training Act of 1969, which is being proposed by the administration, seems to define the country's manpower problem in terms of skill development or job training. The act focuses attention on the consolidation of skill training programs under the authority of the Department of Labor, discussing in detail a formula for the decentralization of responsibility for these programs to State and local units of government.

While less specific in terms of State and local involvement, the Comprehensive Manpower Act of 1969 (herein referred to as the Steiger bill) also describes a proposed manpower program essentially in terms of job training. Focusing as they do on the area of skill development and training, these bills begin to convey the notion of a problem caused by a large potential work force which is prepared to move into a positive job market, but lacks the skills or training to meet the specific requirements of the available jobs. Recent manpower experience tells us that this is a naive and inaccurate appraisal of the manpower situations today.

The Nation's poor who make up the unemployed and underemployed are no doubt lacking in marketable skills. But recent manpower experience indicates that job training is typically an insufficient input to assure employment. The chronic problem with manpower programs has been that while providing skills training for the participants in the program, meaningful jobs are seldom forthcoming at the end of the program. The experience is one of being trained for a specific job.

Upon completion of training, trainees are either not able to secure a position in spite of the training provided, or they are placed in "dead end" jobs. These jobs pay little, offer no chance for promotion, and are likely to be short term due to factors of automation, fluctuations in the labor market, or changing economic conditions.

This experience is typical even with the programs offering a so-called guarantee of employment at the close of training. The labor statistics which document unfilled jobs are misleading. For the most part these are "dead end" jobs, seasonal jobs, or temporary jobs which are phased in and out of the labor market depending upon complex economic variables.

As one ponders this situation, the image of an employment scene begins to emerge which is characterized by substantial flexibility and upward mobility in the middle and upper income levels, but enormous rigidity and lack of mobility at the lower income levels. The reasons for this discrepancy in mobility between income levels are complex, but in large measure, they relate to differences in incentive and opportunity.

At the middle and upper income levels a large spectrum of incentives and promotion opportunities exists which insures a high rate of upgrading and upward motion. This is not the case at the lower income levels. The result is a job market at the lower income levels which consists of jobs offering infrequent or insignificant promotional and advancement opportunities. Without the upward movement characteristic at the higher levels of the employment picture entry level jobs in most industries provide insufficient promise of advancement or security to hold potential applicants.

The fundamental problem is one of inducing upward motion of individuals already employed in order to open up entry level jobs, a point made by the previous witness. These openings lead to increasingly more promising employment opportunities. This kind of solution requires the infusion of substantial resources at these various levels, concentrating on the upgrading of workers who can be moved forward, making way for the unemployed person approaching the entry level position.

Emphasis on upgrading of the already employed, as opposed to training of the unemployed, would mark a radical shift from manpower programs of the past. While the rhetoric of program proposals has in the past paid token attention to the "new careers" concept, and generation of "career ladders" the program intent has, in the main, focused on training of the unemployed. It is no wonder that the common experience of participants in such programs has been one of receiving training only to discover that either there was no job available or the job they ultimately obtained was one of the dead end type described earlier.

Although superficial, this analysis of the manpower situation demonstrates how the problem is not simply one of a lack of skills in the unemployed segments of the society, but a complex relationship of factors including a profound scarcity of meaningful jobs, and absence of promotion and advancement opportunities, and a variety of related conditions which constitute an environment not at all geared to absorbing the unemployed into the working population.

Against this backdrop, the administration and Steiger bills seem equally inadequate. Both measures suggest the antiquated notion of manpower problems simply being the function of an unskilled population in need of job training in order to take its place among the ranks of the "gainfully employed."

This assessment of the problem is inaccurate, and the suggested solutions expectedly miss the mark.

The Manpower Act, H.R. 11620 (herein referred to as the O'Hara bill) defines the problem in a very different way. The proposal focuses on the issue of upgrading as the key to the manpower problem. The act recognizes the fact that until now it has not been in the economic interest of the employer of low-income people to invest resources in upgrading activities.

Historically, it has been cheaper and more efficient to recruit on the outside in order to fill jobs requiring broader educational background and greater skills rather than investing in the development of skills within the ranks of existing employees.

The authors of the O'Hara bill wisely conclude that the most reasonable way to develop meaningful jobs for the unemployed and underemployed is to make it economically advantageous for the industry to upgrade its existing employees. Of the three bills being considered by the committee, the O'Hara measure is the only one which suggests a fundamental understanding of the manpower problem. The core strategy of the O'Hara bill, unlike the singular approach of preemployment training set forth in the administration and Steiger bills, focuses on upgrading and the creation of career opportunities at lower income levels through the development of promotional and incentive opportunities.

The rationale behind the administration approach to the manpower situation is particularly perplexing when one ponders the President's recent commitment to a 4-to-5 percent level of unemployment as an anti-inflation effort combined with an investment in job training programs as an effort to deal with the problems of the unemployed and underemployed. Given the commitment to such a high level of unemployment and concern with job training rather than "career development" one wonders if the administration intends to address the employment needs of the poor at all.

Job training has the political advantage of appearing to be "doing something" about the manpower dilemma without actually affecting the level of unemployment in the Nation.

I would like to discuss some additional issues. The question of recipient, client, or beneficiary participation in the planning and administration of manpower programs is ignored by the O'Hara and Steiger proposals and only addressed with the most superficial kind of nonspecific rhetoric in the administration proposal. While many aspects of the OEO and more recently the model cities experiences remain obscure, certain facts are fundamentally clear.

Of the numerous governmental efforts which have been mounted as attempts to meet the needs of the Nation's poor, the CAA's were the first to ever really reach and effectively engage the people. There is no question that community anger moved these and even the more established public and private agencies, toward a more efficient and relevant kind of program.

Not only did community involvement improve the efficiency of these programs, it also forced them into less bureaucratic modes of operation. Recipient participation significantly increased the quality of services and brought the recipient of the services into the institutional mainstream of American living. Today, the remnants of these programs are largely staffed by one-time recipients of the services who gradually developed the skills necessary to be the providers of the service. They were often better providers, incidentally, than were the professionals who preceded them.

One of the chronic failures of manpower programs in the past has been the total lack of community involvement in the planning and delivery of their programs. Among other difficulties, this engenders problems like those described to me by a recipient of so-called manpower services I recently met in New York City.

This was a black woman who had grown up in the South, but spent the last several years in New York City. She was separated from her husband and was attempting to support her three children on welfare allotments. I met her 3 weeks after taking a job typing in a steno pool of a large New York bank. She was about to quit. She reported having gone to a manpower center where she told the interviewer that she was looking for training in cosmetology—she wanted to become a beauty operator.

The interviewer told her that the only kind of training the city offered for women was basic office practices which she later learned meant typing. The interviewer encouraged her to join the training program, suggesting that she could work and save enough money to enroll in a beauty school at night. The woman was convinced, and went through the 12-week training program. She indicated that the manpower center arranged for the bank to interview all 75 participants in her program. Forty-five were hired she recalled, the rest were not able to meet the minimum typing requirements of the bank, and therefore received no job.

She was hired at $80 per week with the promise of a $10 raise at the end of 3 months. The woman indicated that her reasons for deciding to leave were that it had become very clear even within 3 weeks that there was no future for her in the bank.

Secretarial and other kinds of jobs in the bank required skills and education that she did not have, and there was no way to develop those skills on the job. "It's no life for me," she told me, "to punch that big typewriter for the rest of my life for $80 per week."

This woman, as are thousands of others like her, was quite aware of the shortcomings of this particular program. She knew what her needs were and was very lucid on how the program had not met them. As a member of a community plannning group or community board of directors for a manpower program she could have helped bring that program in line with the needs of her peer group. Today when public officialdom is finally beginning to concede the need for meaningful and substantial participation of recipients of services in the determination of the nature and operation of those services, it is particularly important that manpower programs reflect this basic ingredient. Mayors across the Nation are finally recognizing the need for this kind of participation.

The manpower legislation passed by this Congress should make explicit its intention to promote deep and significant participation of recipients of service in the programs which will affect their lives. The Secretary of Labor should be instructed to carry out the intent of the Congress in this regard insuring basic and fundamental citizen participation.

The Nation needs a manpower policy. At this time there is no articulation of national policy in the field of manpower, but only illusions and contradictions set forth by conflicting and inconsistent programs. The irreconcilable conflict between maintaining a high level of unemployment and investment in job training programs is a case in point.

The time has come for manpower policy to be developed and to serve as the underpinning of any manpower program which is launched. Such a policy requires a definition of the problem, a clear and consistent statement of program objectives, an assessment of obstacles which must be contended with in meeting these objectives, and the outline of strategies which will be implemented to begin pursuing the specified objectives.

Neither the administration bill nor the Steiger proposal take any steps in setting forth such a policy. The O'Hara bill only begins.

The receipients of manpower services suffer from the sloppy "nonfield" status of manpower. In spite of the enormous wealth of experience in the area, there exists no organized body of knowledge, no institutional base for the training of manpower professionals, no organized way to pursue, research, and develop innovative ways of meeting peoples' needs in this area.

The same tired program ideas will not deal with the massive problems in this field. Part of any contemporary manpower legislation should include funds to research and develop university-based programs for the training of "manpower professionals" and the development of new models for dealing with the complex set of problems in this area.

We need a cadre of professionally trained manpower experts who will begin to lead the way to developing totally new and innovative forms of service delivery in this area. The Secretary of Labor should be instructed to initiate the development of programs of this nature in universities throughout the Nation. None of the bills currently under consideration recognize or address this need.

The means of program administration outlined by the administration bill must be viewed as a political strategy to strengthen the power of Republican Governors rather than having anything to do with the efficiency of the program being proposed. It is a politically safe and not particularly brave notion to reinforce existing mechanisms and develop a large manpower network at the State level. The administration proposal spells out its formula for instituting State and local management of the program.

The Steiger proposal is not specific in outlining the relationship of State and local program management but conveys the clear intention of investing the program administration in a relationship at these levels. There is very little evidence that the large public administrations which have traditionally been mandated to provide services in the manpower area were of significant effectiveness in the past. It is difficult to imagine how the situation would change with the infusion of even greater resources into these cumbersome State bureaucracies.

The O'Hara proposal offers a radically different approach to program administration. Rather than supporting and expanding bureaucratic institutions of questionable program relevance, the O'Hara bill proposes to fund whomever is able to demonstrate a capacity to do the best job in a specific local problem area.

This is essentially the same strategy employed by the Office of Economic Opportunity funding its CAA's during the early days of the war on poverty.

I will concede that it was a very unpopular system of funding among local and State politicians who in being bypassed were cut out of their traditional role as dispenser of political patronage. It did get services to the people, however, and it developed deep and natural ties with the recipient group in ways which were new to the history of social welfare.

The O'Hara proposal, and I hope I am not damning it with this concept, can be likened to the Equal Opportunity Act in the relationship it develops between the Federal funding source and the local program agency.

Following the OEO experience, a battle-scarred Congress passed the Model Cities legislation which attempted to avoid the bypassing of metropolitan officials, mandating a joint planning and administration effort between local recipients of the program and the city officials. The result, in comparison to the effectiveness of the CAA's, has been a substantial reduction in program effectiveness due to the built-in conflicts which sap effort and scarce resources.

The concept implied in the administration and Steiger bills brings in yet another level of political concern: The State. This mandates a three-level "partnership" in order to implement the program for service recipients in some far distant place.

It is certain that this added complication will further undercut the benefits received by the people in need of manpower services. In addition, it will expand State and metropolitan bureaucracies which in the past have proven to be very inefficient institutions for the purposes of meeting the needs of people. Authors of both the administration Bill and the Steiger proposal have totally failed to demonstrate any rationale supporting the assumption the circuitous routing of State to city to local level will in any fashion enhance the program objectives. The evidence of recent experience suggests the contrary.

The Steiger and administration bills are equally inadequate legislative proposals. They make no attempt at an incisive definition of the manpower problem nor are they even helpful in clarifying the issues. By implication they relate to the problem as one of a large labor force in need of skills and training when it has been demonstrated that the core of the problem has to do with the need for developing "careers" for the poor through generating incentives that encourage employers to maintain, develop, and upgrade their employees. This spurs new career possibilities for those yet seeking employment. The strength of the O'Hara proposal lies in its formula which rewards employers for upgrading employees' overtime.

None of the bills guarantees a broad and meaningful program of recipient participation in the programs to be generated. Congress should make clear its commitment to solid citizen participation in the manpower program in order to assure valid services which meet the real needs of the target population.

There must be a rational and coherent articulation of national manpower policy which will form the foundation of programs which are to be developed. There is also an enormous need for the development of an informed and competent cadre of manpower professionals who will begin to develop totally new and innovative ways of addressing the problems in the manpower area. In this light we need the investment of Federal funds in national universities to encourage the development of the manpower field as a sophisticated discipline which will begin to serve as a backdrop for the development of a field and "profession."

The Congress must consider some serious questions in relationship to the political objectives of the administration and Steiger bills which mandate joint State, metropolitan, and neighborhood involvement in the administration of manpower programs. To what extent will this formula prove counterproductive to the best interests of the recipients of manpower services?

Congressional critics of such prospective legislation need to begin thinking about how these proposals will appear through the eyes of the recipients of its benefits. From their point of view, to what extent will this program begin to address their needs?

Thank you, Mr. Chairman.

Mr. GAYDOS. Thank you, Dr. Kravitz.

I am sure the distinguished gentleman from Wisconsin, Mr. Steiger, has some questions.

Mr. STEIGER. You are right.

I listened with some interest, and read with some interest. I will simply state beforehand, Dr. Kravitz, that your rhetoric is good, your facts are weak, and your analysis is even weaker, and I regret that very much, as a matter of fact, because you have an intriguing background of having been involved in the beginning efforts of both juvenile delinquency prevention and that which created OEO, and that ought to, I think, serve us well in trying to assess what we do.

I will first say that I concur that there is the need for providing recipient participation. I don't think that is limited just to the poor, frankly. I think that is true of all people in the society, and that all of the bills are weak in that regard. I concur. So there is at least that one point that you and I might agree on.

I would suggest, however, that the fundamental problem is not one fundamental problem, but several fundamental problems, and this is where I will disagree with you.

You state explicitly throughout your testimony that the main problem is upward mobility. I disagree. I think that is one of several fundamental problems in the manpower field. That is the reason, for example, that in my bill on pages 10 and 11 of the eligible activities that can be funded—there are 24 of them listed in my proposal—No. 4 is programs and training for persons who, though employed, are in need of additional skills, and No. 8 is training poor persons for on-the-job training, and so forth, for advancement through career ladders.

Thus, I would suggest to you that you and I might not be so far apart in terms of agreeing with the upward mobility concept, agreeing that it is one that is important. Where I disagree with you is your critique of the administration's bill and my bill and your support of the O'Hara bill which, in my judgment, could be taken in the same light, since there are three titles to it.

One is upgrading, one is training, and one is public service employment. Do you think, now, that you are being fair in your analysis of the other proposals?

Further, would you concur with me that there is something more than just one fundamental problem that manpower policy has to attack?

Dr. Kravitz. Obviously, the answer to your question is "Yes," I would concur with you, and I think that is the reason that I stated, too, specifically the need for an assessment of manpower policy greater than any of those bills get it. That task hasn't been done.

I have been concerned about that policy in the field of youth sometime. We have no coherent policy in the field of the bridge between education and employment for youth.

So certainly I would concur with you. I think the O'Hara bill comes down hard in the area of upgrading whereas six lines are devoted to it in your bill, but I am sure that your intent was there, and that you have this kind of understanding of the problem.

But the experience of the past has been that given the way those programs have been administered, there has been relatively little interest in this, and I think many people going through the programs have faced the blank wall of the dead end job. The new bill should come down hard on the issue and address that problem. The fact is that it is one of 24 items would tend to mean that it would be neglected in the administration's bill.

Mr. Steiger. But you are making an implicit assumption that you and I know what should be done better in New York City and San Francisco, and so forth.

Dr. Kravitz. In the States? Not you and I, but that the departments that can deal with those States that know something about it, rather than the State bureaucracies, particularly the State employment service, which for years have fumbled this problem.

It is only in the last 2 or 3 years that they have begun to function in a meaningful way. They were dragged screaming in the 20th century. Those were backward bureaucracies.

I don't see any particular advantage in enhancing their capacity and cumbersome way of dealing with this. Incidentally, operating through the Secretary of Labor doesn't prohibit him from contracting with States to do this. It just makes it not the only way he could do it, and I think the provision of 20 percent of the money to do the other things is an adequate basis for doing the other things that needed to be done.

Mr. Steiger. Let us assume for a moment that we have a number of issues that you and I can talk about at some length this morning.

Do you agree that there is a problem insofar as the present manpower programs are concerned because of their categorization, and, therefore, decategorization is a sensible step?

Dr. Kravitz. I would agree. I think there is much too much fragmentation and categorization, and that decategorization is essential.

Mr. Steiger. If we agree on that, then to what extent do you believe we ought to decentralize the administration of them in order to attempt to bring decisionmaking closer to the people involved?

Dr. Kravitz. That is a hard question to answer, because I think the two bills, your bill and the administration bill, give me the sense from some of my experience in dealing with the States, that there will be relatively little—that there won't be much by way of teeth behind the Department of Labor's approval of States plans, and I think we had quite a bit of history in the whole business of State plans, and a great bit of development of rhetoric—we are all good at that, me included—where the States submit plans which look quite different when they come out of the pipeline at the end.

So the States can meet the rhetoric and then go about doing what they want to do, and it is going to be very, very difficult for the Department of Labor to confront a Governor and say, "Hey, your plan is out of line, and we are not going to give you the money."

That just isn't going to happen in many cases, because you know as well as I do the kind of political pressure that develops.

Wisconsin's plan isn't very good, and Mr. Steiger calls up and says, "Hey, what are you guys doing sitting on the Wisconsin plan?"

That is the way the system would work as I have understood it, and I have lived in part of it.

Mr. Steiger. I am groping for an answer, because I have some sympathy with what you are saying. Let me simply say to you that it is my own best judgment that this isn't going to work, the State concept, won't work unless the Secretary of Labor has the guts to say no to a State plan. No is a key and essential element in the success of the operation.

Now, given that, I have difficulty reconciling your very strong plea for involvement of constituent groups at the local level with the power which you wish to give to the Secretary of Labor to contract directly, and therefore more control the operation and assess priorities and make determinations about what kind of programs should or should not be operated.

Dr. Kravitz. I am sorry, but I don't see the inconsistency in that. If they are a local group, and come up with a good program and deal with the Department of Labor, and it has the capacity to assess that program without too much of an overlay of bureaucratic intervention, that would meet my requirements for participation.

I am not objecting. I don't have any basic objection to giving money to the States if the States can prove that they can do the job.

I think that could be one option available to the Secretary, but it shouldn't be the only option available to the Secretary, where local groups have to mediate their efforts through often hostile Governors and State officers.

At least that is the experience.

Mr. Steiger. How do we then develop any kind of rational manpower policy. If you go on that basis what you are saying is that we ought to have no plan. We ought to go ahead and continue the kind of haphazard operation we have had up to now when we operate directly between the Secretary and local groups, or between the Director of OEO and local groups. You have no coordination. You have no concept of attempting to determine what the needs are in a metropolitan area or in a state, and it seems to me you work at cross-purposes with any effort to at least try to come to grips with the need for some degree of rationality.

If you use your model, you simply end up with a complete hodgepodge of programs and needs being met, and again we are going to, it seems to me at least, completely miss the point of the story related by the woman in New York, who wanted cosmetology, but she had to go into bank training, and she didn't want to go into bank training. You are going to continue that same kind of system.

Dr. Kravitz. I don't think any of the bills really address the issue of planning. I guess you would argue that the administration bill at least offers the hope of that in the development of a State plan. I am obviously not opposed to planning, and I think there is a need for coordination. I think this could come from a granting of money to the States for planning and where the States would be forced to work with local groups and involve local groups in the development of planning.

I don't think groups of residents or local people who want manpower programs are opposed to planning, either. They want jobs where the jobs are, but to date, they have been forced into these dead end kinds of jobs. I think it is possible to develop mechanisms by which you do get planning and still have a high degree of local involvement.

As I hear your argument, you are arguing that the only way to do this is to give the power to the States to plan, and I am saying that I don't think that ought to be the only way to do it.

Mr. Steiger. I guess, then, I would have to ask you, what do you do with the State employment service? What do you do with $750 million, or thereabouts, that we spend. Don't we have a choice to make? You have to make that choice in a university setting.

Dr. Kravitz. The choice, unfortunately, was made about two decades ago, and that was a wrong choice, and that was to give the employment service to the States, but that is past history. The choice is to give the money on the basis of performance, and I am not—I have been making a kind of blanket criticism, and I don't mean to, but I think where employment services can cut the mustard, where they can come up with good programs, they ought to be encouraged to do so.

I think one of the things that would do this would be the generation of new people in the manpower field who feed into the employment service and who develop new careers where we lift this service to one of a real professional level. That is a long-range way of doing it.

But I don't think that simply because they exist they ought to be the bureaucracy that manages this program.

Mr. Steiger. Dr. Kravitz, I don't disagree with that. I am only saying in my judgment you haven't come up with a way to handle that problem. I concur that we ought to have competitiveness, and that we need to have it on a performance basis. This is, again, where I will completely disagree with you. The facts lead me in a completely opposite direction than they lead you in terms of the present programs and our experience under the present programs versus where we have to go.

In section 305 of the administration bill and in section 13-F of my bill, we touch on the problem of training professionals.

I was the author of the 2-percent set-aside in the 1968 MDTA bill.

I am not going to be here to defend the State employment service, because I don't think they are worth defending carte blanche, because they have made some mistakes.

But either you use them and you bring them up to standard, or you get rid of them. Now, that is the choice that it seems to me I am faced with, and I am of the position and posture to say I intend to use them, to try to make them perform to the extent that we can, but we are not going to do that, again, if you leave it solely in the Secretary of Labor's hands, since they are, depending upon whom you talk to, a State program. As I say, I want to try to get some kind of understanding of your own view on why we ought not to go the route of the State employment service, why that holds up so little hope from your standpoint of attempting to do the job, why State government ought not to be involved in this relationship with the Federal Government.

Dr. KRAVITZ. Please be assured that I am not arguing that a State government ought not to be involved. I do think that there is a danger in the use of the term, "new Federalism," so that it does become a cliche, and the pattern becomes one of putting the money on a stamp and running, and that is what I am afraid of.

I think we have some history of experience with programs through the State that indicates that they are very often insensitive to local needs, and particularly urban needs, and particularly the needs of poor people.

What concerns me greatly is the fact that in these two bills, that is where the major emphasis has come, and I have seen little, at least in my limited experience, where the States have been as responsive as the Federal Government.

I think Mr. O'Hara's bill, at least, offers other kinds of options. I am not opposed to planning. I think the States and other kinds of areas, such as metropolitan areas, can be planners. I happen to believe a metropolitan area is probably a more effective manpower planning area than a State.

The Department of Labor could initiate such planning, could support such planning in concert with the people and public officials, without necessarily going through the States.

So there are a number of options, and those options ought to be open to the Secretary of Labor.

Mr. STEIGER. Well, first of all, as you know, the administration bill—not in mine—there is an automatic passthrough to standard metropolitan statisical areas.

Dr. KRAVITZ. It is a little vague, and who runs it is also vague, and the whole thing is skirted, whether it ends up being the mayor in the biggest city. I couldn't understand it.

Mr. STEIGER. They have now clarified it, and say it is the mayor of the biggest city.

Dr. KRAVITZ. That obviously creates a lot of problems. Take New York City, what is the area? The census area in New York City includes northern New Jersey and Nassau County, and who is in charge is an interesting issue.

Mr. STEIGER. Yes, if you have any ideas on that, I wish you would let us know what to do about that problem. We don't know how to handle the problem. That is one that I think is going to bother the committee greatly.

We get them from Washington, D.C., and the Maryland suburbs, and the Virginia suburbs. They say one thing, and the others say another.

I appreciate very much your coming today, and I am sorry that I took so much time. The chairman will have some questions I know, about this whole area. You have raised some good questions. It is helpful, frankly, to have someone of your background give us a view about what we should or shouldn't do. I don't totally agree with you, obviously, about the direction we should take, but I think you have raised some very valid ideas that have to be considered.

Mr. **Gaydos.** Thank you, Mr. Steiger; that wasn't as long as I thought it would be.

I would like to ask some practical questions. You seem to place great import and emphasis on the manpower professional. You suggest in your statement that some of the funds are available, that they be directed to the universities and I can understand your partiality, with your background.

Dr. **Kravitz.** Obviously.

Mr. **Gaydos.** But is that a necessity. Shouldn't the universities themselves, on their own initiatives, set up programs and divise programs of their own? Isn't that their responsibility?

Dr. **Kravitz.** Well, Mr. Chairman, as you know, both public and private universities are under enormous financial constraints these days.

Mr. **Gaydos.** So is the program.

Dr. **Kravitz.** That is right. But I think we have assumed that manpower is a Federal responsibility, and therefore the preparation of professionals for this field. I am not saying that the Federal Government should pay the whole bill. I don't necessarily believe that, but I guess what I am addressing is the fact that here we have a new field, really. It is about 10 years old, that has developed, and there has been little attention paid to the development of a cadre of people who become the acknowledged researchers, teachers, and developers of professionals at all levels.

I think there can be manpower professionals at the subprofessional level, also, and not simply speaking of people who have master's degrees and Ph. D.'s.

But my experience over the past 8 years or so has been that there is an enormous transiency in this field, which means that you do not develop a cadre of people who can begin to address systematically the questions that Mr. Steiger was raising, and that hasn't happened. There have been people coming in from labor economics, and people who came in from social work, and people who came in from other fields, but there hasn't been an acknowledged professional field in the manpower area, and I think it is important we begin to address this area.

Obviously, I have biases. I am an educator. I feel the field of social welfare is one area where this training could take place, both in the counseling and in the policy development area, but there are others, and I think the Congress ought to insist that the Labor Department begin to develop programs in this area. It will take time, but we can assume we are going to have manpower problems for a long time to come, and there is the need to begin working in this area, and there is also the need of much more by way of good demonstration programs, hard-nosed demonstration programs with good evaluation, and we need research on the whole question of policy, which we were discussing earlier.

Mr. **Gaydos.** But you would agree with me that there is some obligation going back to the community from our institutions?

Dr. KRAVITZ Obviously, I would; I think the obligation in part comes from the responsibility of the institutions to recognize the problems and begin to develop these programs. They will be encouraged in that if funds are available for stipends for students and so forth.

Mr. GAYDOS. This flows into another matching problem or area of possible solution, and I am speaking of our technical schools and 2-year colleges.

In that area, would you have an opinion as to whether or not they could filll the bill, so to speak, or would they fit to this program of possibly providing us?

Dr. KRAVITZ. To train personnel and manage these programs?

Mr. GAYDOS. Yes.

Dr. KRAVITZ. Certainly. I don't know if I stated it before this committee, but I believe very, very strongly in the concept and in the development of subprofessional manpower to fill these jobs in the human resources area. I think most of the jobs can be done by people with less education and we typically require through our credentialing processes, so I think the community colleges could play an important role in this area.

As I indicated in my testimony, many of the people manning the programs now in the community action agencies are people who have learned by experience. I think that experience has to be built on, it has to be enhanced by capacities to become more effective in the field through education.

Mr. GAYDOS. Doctor, I am somewhat intrigued with the distinction you drew between the relatively new model cities program attack, or approach to the problem, and the CAA.

You mention in there that the model cities included partial participation by the local officials, and that brings in the political considerations. It doesn't compare in effectiveness or results with the community action agencies.

Dr. KRAVITZ. You, of course, recognize my biases in that situation.

Mr. GAYDOS. But is that true?

Dr. KRAVITZ. I must admit that my experience is limited, in perhaps looking at five or six cities in the general New England-New York area. But I think that is true. I think the community action agency offered a hope for participation involvement that has not been characterized, particularly by the latest regulations in the model cities program, where the administration has come down very, very hard on limiting the amount of participation, at least as I understand the regulations.

So I think there has been a great deal of disenchantment at the local level with the possibilities for a neighborhood involvement and neighborhood control in the model cities bill, and I regret this deeply, because I think it will mean that you will end up with programs that will become very, very rapidly bureaucracized, or will become centers for patronage.

Mr. GAYDOS. The reason I asked that question is that I am speaking from personal experience with a model cities program. I found to date an excellent cooperation has been accepted completely by the people. Participation is excellent.

I don't pretend to be an expert in the CAA field. I have had personal contact with it, but I would observe, if anything, based upon my observations, of the programs in my particular district, that the model cities did make up a lot of deficiencies which were quite obviously missing in the community action programs we had.

I wondered why you picked out model cities as a failing program?

Dr. **Kravitz.** It was a followon to the community action program, and you are right, it was the effort on the part of people to remedy deficiencies that they felt existed in the CAA's with regard to the involvement of public officials.

My sense is that in the few cities I know, there has been a great deal of disenchantment with the program because I think current administration policies have come down much, much harder, or have not placed as much emphasis, on resident involvement and resident control, as residents were led to believe they were going to have.

It could be, sir, that in your community this hasn't happened, and I am delighted to hear that.

Mr. **Gaydos.** If you had one criticism to make of the CAA program, what would it be? Where could it be improved, or is it a perfect program?

Dr. **Kravitz.** I am not sure, sir, my sense is that the program has been so totally fragmented and chopped up that I am not sure there is any way to really improve it now. I think for its time and period, it was a great innovation, and again I underline my own involvement and investment in the program. I think it was a great innovation. It moved social welfare programs and social service delivery a generation ahead in this country.

There were enormous mistakes made, but I think we would contemplate the fact that in a period of about 2 years over a thousand communities were organized and involved, and take note of the number of people who got involved, I think it will stand as a landmark of social legislation in this country, and I think it has been all too often inappropriately criticized, and many, many programs in the Federal Government that have made far worse mistakes and far worse errors have been hidden under the cover of anonymity, where the community action program was totally exposed, and I think it has been far more heavily criticized than it deserved.

It obviously made mistakes. It was revolutionary in many of its aspects. I think we have to have something like it in this country, and I am not sure the model cities is the exact model. I am not sure we have found the model, but I think there needs to be the continuing commitment to participation of beneficiaries and recipients in the planning of services which are for their benefit, and I would hope that that philosophy, which undergirded the community action program would also undergird new manpower programs.

Mr. **Gaydos.** I agree with many of your observations, and I share your hopes for the program.

I would like to ask you one more question. I think you put your finger on the problem, as the other witnesses have, and that is if we are talking about training people, that we provide job opportunities for those we train. You do make that distinction in your statement. The question I want to ask is, the manpower proessional, admittedly the concept is good, but is that part of the solution as you see it to take care of hiatus there between the jobs that are open and available and the people who are making an attempt to fill those jobs?

Your paper is excellent insofar as it does point out many deficiencies, but I don't see in your observations or statements a good practical solution that would lead us, maybe, along a path of a more immediate solution.

Dr. KRAVITZ. I think you are asking me the same question that Mr. Steiger asked me, and I am almost in the position of having to retreat to the fact that I am not a professional in the manpower field. I guess I would have to fall back on the sense of concern that it is the responsibility of the Congress and the administration to begin to develop a coherent manpower policy, and I think all three bills are correct in addressing the fragmentation and categorization of the programs, and to that extent they address part of the problem.

They all sort of meet part of the problem, and I think it is unfortunate that with the talent available both in the Congress and in the administration, we are not able to come up with some kind of at least beginning effort at a coherent manpower policy, and I think that ought to engage the attention of this committee as an important area of concern, even if they have to pass one of those bills and move on. That should be a continuing concern for this committee.

There are other areas of social policy that suffer from the same problem. We have been deficient in this country in thinking about rational policy development, and manpower is one of the blatant areas where that is true, and I think even after it finishes with legislation, this committee ought to address itself to the question of what is our manpower policy.

I could go on at length, and this committee doesn't have time, but I would pinpoint that as a very, very serious problem which must be addressed by the Congress.

Mr. GAYDOS. Thank you, Doctor, for your excellent statement.

Dr. KRAVITZ. Thank you.

STATEMENT OF STEPHEN W. BERMAN, VICE CHAIRMAN, CONNECTICUT MANPOWER EXECUTIVES ASSOCIATION, BRIDGEPORT, CONN.

Mr. GAYDOS. I wish to thank you for your appearance here today, and you may have the option to either present your statement in total, or make reference to salient features or points in your statement.

Mr. BERGMAN. Thank you, Mr. Chairman. I would like to read the statement. It is not too long.

Mr. GAYDOS. Proceed.

Mr. BERGMAN. I would like to make a correction. I am not the director of the concentrated employment program, but rather the manpower director of the community renewal team, which is the community action agency in Hartford, Conn., which sponsors a concentrated employment program.

Mr. Chairman, and members of the committee, I appreciate this opportunity to present the views of the Connecticut Manpower Executives Association.

The CMEA represents all of the community action agency manpower administrations in the State of Connecticut together with Federal, State, and other local officials engaged in manpower development. This could include the NAB JOBS programs, the Urban League, NYC directors, and so forth.

Community action agencies in the State of Connecticut are now responsible for nearly $10 million a year of Federal and State manpower programs, including the concentrated employment program, the Neighborhood Youth Corps, and neighborhood employment centers.

The proposed manpower legislation now before Congress, particularly the administration's Manpower Training Act, H.R. 13472, has many positive features.

1. It seeks to improve the management effectiveness of manpower programs at all levels.

2. It recommends the use of block grants, a system which has high potential for endowing local manpower programs with a higher degree of flexibility. As an example, the local prime sponsor is not put in a straitjacket. He may decide how much money to spend on new careers, Operation Mainstream, institutional training, or on-the-job training.

3. The act seeks to achieve decentralization by locating the decision-making process closer to the client population, encouraging more local initiative, and placing greater accountability on State and local agencies.

4. It requires that States and cities set up comprehensive manpower structures to insure coordination, planning, and efficiency.

In other words, the act strengthens the present cooperative area manpower planning system which is today like a United Nations, without enforcement powers.

On the critical side, we believe it would be a grievious error to give the employment service, or community action agencies, or any other organization, a national blank check to conduct manpower programs at the local level.

We endorse the view of the national manpower power policy task force to the effect that—"detailed planning and organization of services are best performed at levels that are in immediate contact with the beneficiaries of the services."

We agree with the task force that community action is needed to meet previously unmet manpower needs; that community action involves beneficiaries in the planning process; that community action has challenged traditional agencies with innovative programs; provides alternative routes for talented individuals who could not otherwise have made it through customary civil service and professional channels.

We also agree with the task force that it would be most unfortunate if these benefits were lost. We go further. It would be more than unfortunate. It would be a national tragedy. Any other course would discard the accumulated insight and knowhow acquired by community action in preparing the poor for jobs that hold some promise of upward mobility.

I am not here to ask for a blanket endorsement of community action manpower programs. Nor am I here to condemn established Federal and State agencies, such as the employment service. Nor am I here to engage in jurisdictional disputes or to defend or attack bureaucratic expansionism or bureaucratic paternalism.

We in Connecticut have been singularly fortunate in having had the constructive cooperation of the Connecticut State Department of Labor under the leadership of Commissioner Renuto Ricciuti from the very outset of the war on poverty.

Long before CEP was established, the employment services of Connecticut were outstationing staff to the neighborhood employment bureaus of the CAA's to assist in screening, counseling, and referring to job or training slots.

At a meeting held Tuesday, February 24, the cooperation between community action and the State Department of Labor was further extended by the inclusion of community action manpower administrators in the basic policy planning committee of what in Connecticut we call the super or umbrella CAMPS manpower agency.

This stands in sharp contrast to the fierce and even jugular strife which is taking place in other areas. And it is from the advantageous results of our Connecticut experience, that we can urge the employment services and the community action agencies in other States to devote their energies to cooperation rather than to combat and to share such functions as job development, among others.

Commissioner Ricciuti has asked me to convey to this committee his personal conviction that only by the blending of community action and employment service resources can the underlying aims of this act be effectively achieved.

I am here to focus on the pivotal issue—those concepts and methods that can most effectively enable the poor to lift themselves out of poverty by getting and holding good jobs.

We would like to remind the committee that the local prime sponsor concept is certainly not new. The present language for title I–B of the Economic Opportunity Act already provides for the designation and recognition of community program areas for the purpose of planning and conducting comprehensive community work and training programs. It also provides that prime sponsor agencies can receive funds for the purposes of planning, administering, coordinating, and evaluating such programs.

It requires that the prime sponsors so designated and all delegate agencies involved in these programs provide for the participation of residents of the areas and members of the groups served in the planning, conduct, and evaluation of the component programs. The Department of Labor, under the terms of the delegation of authority and memorandum of understanding with OEO has the right to make such designations today.

This present provision already provides much of the theory of the local prime sponsorship apparently sought by the Department in its new legislative proposals. Considering that this amendment was enacted in 1967 and that few, if any, of the areas are yet fully functioning under its provisions, it is impossible to avoid some belief that in seeking to establish a prime sponsor by some other means the desirability of shifting away from the community agencies is being considered.

For this reason we urge you to consider amending the present Manpower Training Act to insure that it will include the guarantee that community based agencies which, on the basis of past performance, have demonstrated capability and competence in manpower affairs shall continue to serve as prime sponsor under the provisions of the act.

Mr. STEIGER. Would you yield at that point, since I unfortunately have to leave, and I apologize to you, but on that very point, I have some questions about the statement on page 2 as contrasted with the statement you have just read.

You say on page 2 that you think it would be a grevious error to give the employment service, and so forth, to give them a blank check to conduct manpower programs on a national level.

Then you just got through stating that what we will provide there is a guarantee that community-based agencies shall continue to serve this prime sponsor.

I am a little hard pressed to reconcile that posture.

Mr. BERMAN. What I was saying, Mr. Steiger, is that what we are asking for is that on the basis of past performance, any single agency, and this would be a community action agency, the Employment Service or the Urban League agency that has demonstrated the ability to run a comprehensive manpower program should be permitted to continue their work under the prime sponsorship arrangement.

Mr. STEIGER. But we can't guarantee that, can we? That would be determined by the local agency.

Mr. BERMAN. Right, but we would like to see stronger language put into the act that would instruct the Secretary of Labor, or the Governor, or the mayor, to take this into consideration in selecting the prime sponsor.

We are fearful that what might happen, in the language of the bills as we read them, that newly created structures will be evolved, when in some cases—and only those cases am I talking about—there are already agencies that have demonstrated the ability to handle manpower programs.

That is all we are asking for.

Mr. STEIGER. I appreciate very much that clarification.

Thank you. Thank you for your testimony. Incidentally, it is of great interest to me, and I appreciate your coming, and I apologize for having to leave.

Mr. BERMAN. Thank you, sir.

In this regard, we respectfully suggest that a special Regional Evaluation and Selection Council be created to evaluate and select the prime sponsor in each standard metropolitan area.

Such a council should be composed of economist, manpower experts, employers, labor, Government, and community spokesmen. They would be appointed by the Department of Labor's Regional Manpower Administrator, in collaboration with the regional directors of OEO and HEW.

In the event the members of the council, over a reasonable period of time, cannot agree on the designation of prime sponsors within the various standard metropolitan statistic areas, the authority to do so would be vested in the mayor of the largest city within each SMSA.

Mr. Chairman, we have two further suggestions for strengthening the proposed legislation.

To assist the local economy to achieve a higher degree of growth, health, and stability, we propose that each prime sponsor be assigned responsibility and funds for establishing a new job-creation unit.

Modern job creation means the development of new employment openings where none existed before. It represents a logical extension of current training and placement activities which is now limited to preparing and referring the poor to job openings which already exist.

Job creation furnishes worthwhile job opportunities, not only for the unemployed, but for the underemployed as well. In this respect, job creation consists of five major and reciprocal elements:

1. Expansion of existing private businesses to create more jobs with special emphasis on upgrading existing employees, thus increasing the number of skilled occupations that can be made available.

2. Attraction of new growth industries.

3. Establishment of community and/or neighborhood economic development corporations to be owned and operated by local residents with whatever technical assistance may be required.

4. Advanced planning for public works programs—schools, hospitals, roads, environmental pollution, airports, et cetera—and corresponding job training. Blueprints and curriculums are to be held ready to take up the employment slack upon the end of the Vietnam war, a general recession, the impact of automation, and any combination of these.

5. Special importance should be attached to strengthening the new public service careers programs, providing new job opportunities for the paraprofessional, who in most instances, could be drawn from the ranks of the poor. This means a new evaluation of existing Federal, State, and local civil service and merit standards—from eligibility criteria and revisions of current examination content to guarantees for upward mobility.

In this connection, we strongly urge that the public employment provisions of Congressman O'Hara's bill be incorporated in the final version of the Manpower Act.

Finally, we urge this committee to insure that the poor have voice and vote in determining their own employment destinies. We urge that all State and local groups engaged in comprehensive manpower development planning have at least one-third of their membership drawn from among low income past, present, and potential benefits to be served under this act.

In conclusion, Mr. Chairman, while we favor the basic objectives of the Manpower Training Act, we believe they cannot be achieved unless the bill is amended to include local initiative; the expertise founded on familiarity with local conditions and problems; job creation; and the kind of local self-determination which has been pioneered by community action during the past 6 years.

Mr. Gaydos. Thank you, Mr. Berman.

Mr. Collins, from Texas.

Mr. Collins. Let me ask something about your training program. What percentage of the people placed successfully stay in those jobs?

Mr. Berman. Well, as far as those people who have come into neighborhood employment centers off the street, who have had a brief counseling session and then have been referred to jobs, the percentage is very low. I would say maybe 30 percent at the most.

Those who have gone through a program of work experience or training, such as the concentrated employment program, the Neighborhood Youth Corps, the retention factor is extremely good. I would say it is between 60 and 65 percent.

Those who have been through a specially designed training program which has been created on a partnership arrangement between a private company or a group of companies and a program, let us say, like the concentrated employment program, the retention factor has been 80 to 85 percent.

Mr. COLLINS. I am particularly interested in that last remark, where you say where you are able to tie in with private industry and they are able to relate the man to the job, you have by far the best success?

Mr. BERMAN. No question, sir.

Mr. COLLINS. To what extent do you find people are motivated today among the hard-core unemployed, or among others, to try to find skilled employment?

Mr. BERMAN. I am thoroughly convinced that most people want jobs, they want good jobs, and they want upward mobility. I think it is only in the case where individuals have been going through a revolving door for a long period of time that they have been beaten down and do not willingly enter the labor market.

These are the people we have to, perhaps, remotivate again, but the average individual wants an opportunity, and if he is given an opportunity, he can take a job, hold it, and move up in it.

Mr. COLLINS. What are we going to do in society with people who have the desire to hold better jobs but lack the ability?

Mr. BERMAN. Well, I think all three bills before us now talk to the area of training, and obviously training is the key to that; training, being education and skilled training, and that has to be available. I think there has to be an emphasis placed into the area of orientation and evaluation.

We find that many people coming in our centers really are not familiar with what the labor market has to offer. When they are given an opportunity to examine what our particular market is, what the different jobs are, they make up their own minds, and by and large, in most cases, they are pretty right as to what they want to do, and what they eventually become capable of handling.

Mr. COLLINS. Today, there is a feeling among many people that jobs that lack dignity are something below them. We have a vast range of unskilled jobs that make up our labor market.

What is going to be the answer, and where is this unskilled pool going to come from with people that will not suffer from frustration, who will be proud to do unskilled work?

What do you think is the answer on the skill level?

Mr. BERMAN. I really have no detailed answer to that, Mr. Collins. Obviously, there are people who can take these jobs and who can survive in them. I think that in some cases, if the economic base were raised, if the incentives to stay on some of those jobs were there, where a person could make a living in doing those kinds of jobs, perhaps we might attract more. I would further suggest that the conditions existing in many unskilled jobs must be improved.

But until that happens, I really don't have any answers.

Mr. COLLINS. We are talking about a guaranteed wage concept being advanced now.

If they get to the guaranteed wage, do you think that a person should have selection of jobs before they can qualify?

The question is raised—they use the term "suitable employment."

Do you think they should take one of these unskilled jobs or not?

Mr. BERMAN. I think that has to be left up to the individual. I think, if left up to the individual, he will find the type of job that he wants and is capable of handling, particularly if assisted through counseling, orientation, and evaluation. As far as the minimum wage is concerned, I think we would all agree that it is pretty difficult for a person with a family of three or four to live on a minimum wage of $1.60 an hour, or even $2 an hour.

This is one of the major problems in our cities today, that most of the programs we are talking about think they are really doing something when they come up with a wage of $2 an hour. It is not enough. I don't know what the solution to this is, but we have seen some encouraging changes.

We have seen where industry in certain occupational areas has stepped forward and offered a starting wage, or even a training wage that is realistic, let us say $2.50 an hour. The resulting high retention factor more than makes up for what it might cost them in the beginning. The turnover rate is a very expensive proposition to industry.

Mr. COLLINS. Thank you very much.

Thank you, Mr. Chairman.

Mr. GAYDOS. I believe you heard the prior witness testify, and I think you are in agreement with him that community participation and activity participation in administrative policy on the local level is a fundamental essential?

Mr. BERMAN. Yes; I agree with that.

Mr. GAYDOS. Maybe you could answer this from your own practical experience, regarding a technical manpower professional shortage. Do you experience that in your administration of the program, which seems to be excellent in Connecticut?

Mr. BERMAN. Definitely, even in the State of Connecticut. There is a tremendous need for building expertise in the field of manpower, and I think it does reach across the board, not only from the top administrators, but also to what we would like to call urban generalists, or the individual who is working at the local level, particularly in the fields of counseling and coaching, and there has to be built the mechanism for training and the ability to move up the career ladder.

We have seen a little of this in our State, but much more has to be done; much more.

Mr. GAYDOS. You, as a director—this is sort of a personal question, but the reason why I ask it is that apparently from your statement, your program is excellent, it is meaningful in Connecticut.

Is your background technical, in the field you are in now?

Mr. BERMAN. No, I think I could say I learned as I came along in the past 5 years. I came out of industry, and had a degree in journalism, of all things, but I think it was a process of learning, and I think this is what is going on now.

I think our universities do have to address themselves to this whole field, and come up with some creative programs directed to the field of manpower.

Mr. GAYDOS. In conclusion, let me observe that I agree partially with the concept of the professionals, and by the time you get professionals together—I am a lawyer, and when you get two lawyers together, you have two different opinions.

I seem to find it very difficult to accept a portion of this program being directed to specific professional training. I think our institutions do have the capacity, and that there are existing programs that would take care of that deficiency. Maybe they should be redirected, but I don't see a large expenditure in that direction.

Mr. BERMAN. I don't think Dr. Kravitz or myself are in favor of establishing high credentials for one to work in the field of manpower. What we are saying is that while experience is the best teacher, there ought to be some relevant educational background that an individual could seek, if he so chose, particularly as he advanced in the field of management.

Mr. GAYDOS. Thank you, Mr. Berman, for your very meaningful statement.

I would like to call Mr. William Freeman, Acting Director of the Neighborhood Youth Corps.

STATEMENT OF WILLIAM FREEMAN, ACTING DIRECTOR OF THE NEW YORK CITY NEIGHBORHOOD YOUTH CORPS; ACCOMPANIED BY ELI E. COHEN, EXECUTIVE SECRETARY, NATIONAL COMMITTEE ON EMPLOYMENT OF YOUTH

Mr. GAYDOS. Mr. Freeman, we are limited in time. I think you agreed to submit a summation of your statement, but I want to assure you that your statement will be made available to each individual member, of course. It will be part of the record, and I am sure it will receive the direct attention of all our committee members.

(The document referred to follows:)

PREPARED TESTIMONY BY WILLIAM FREEMAN, MEMBER OF THE STEERING COMMITTEE OF THE NATIONAL ASSOCIATION OF NEIGHBORHOOD YOUTH CORPS DIRECTORS AND THE NATIONAL ASSOCIATION FOR COMMUNITY DEVELOPMENT

I am speaking to you today on behalf of the New York State Association of NYC Directors, the National Association of NYC Directors which is affiliated with the National Association for Community Development, and the National Committee on Employment of Youth. I have also worked with the poverty program since its inception in 1964.

My work experience includes the Employment Division of HARYOU-Act, the Urban League Street Academy Program, and three years with the Manpower and Career Development Agency of New York City where I am now the Acting Director of the NYC Neighborhood Youth Corps Program. Although my testimony is based in large part on statistics and experiences in New York City it should be understood that it represents the thinking of the New York State Association of NYC Directors, the National Association of NYC Directors as well as the National Association for Community Development.

In addition, I was raised in Harlem and have lived in New York City for over 22 years.

On May 20, 1969, the Department of Labor mandated that no youth over the age of 18 would be eligible for the Neighborhood Youth Corps Program after that date. At the time, in the City of New York, approximately 80% of the youth enrolled in the program were 18 and over. Today—nine months later—there are still a great many enrollees, 18 years and over, in the program as there have been no viable alternatives opened to them as yet.

Also in May of 1969, the Department of Labor issued a directive to all NYC Projects stating that the age limitation was to be accompanied by a 33% quota cut-back. The deadline for this cut-back which was originally set for August 31 was later extended to October 15. The quota for the five boroughs of New York City was trimmed from 2,490 slots to 1,950.

In September, it was learned that the age limitation and the quota cut-back were preliminary steps to a complete overhaul on the NYC Program nationally, and a part of a systematic Administrative design to implement a portion of the Manpower Training Bill through Administrative directive even before Congress had acted upon it. On December 2, the *Federal Register* carried the Department of Labor's intention to implement a new design, entitled NYC–2, for the Neighborhood Youth Corps Program. These intentions included maintaining the age limitation at 16 and 17 year old youth. Upon receiving the completed NYC–2 document, it was also learned that the Labor Department intended for a youth to receive a stipend of $25.60 per week as opposed to the $45.00 per week which he presently receives on a wage basis. A third proposal was to make a youth's return to school the first priority for all NYC Programs.

Although there are recommendations within the new design which we feel will strengthen the NYC Program, we are gravely concerned about the three areas which I have just outlined.

Four years ago, having spent the two years prior to that with HARYOU-Act in Central Harlem, I worked with a private social services agency which had begun a college-bound program for the "hardcore" youth of the Central and West Harlem areas. About 98% of these youth were high-school dropouts and they ranged in age from 16 to 30 years. These young people, although many had fathered children, supported themselves for many years by whatever means available, and had the equivalent of a Ph.D. in terms of a "street" education, were still immature by our basic standards. At that time, a phrase—"protracted adolescence"—was coined by the Director of the Program to refer to this immaturity.

We feel that this phrase is important to bring out here to help illustrate the point that maturity has nothing to do with chronological age: that, because a youth is 18 years, or even 28, he is not necessarily equipped to meet the demands of an adult world. More specifically, that he is not necessarily equipped to meet adult employment standards as he will have to do if the NYC–2 design is implemented.

The protracted adolescent is the youth who has left school at 16 or 17. Due to economic instability and social inequality, he has been dropped, in a broader sense, by society. Being alienated from society and a systematized way of coping with life, the youth has turned to hustling, pushing dope, or selling numbers to support himself. Most of these youth are accustomed to failure, through school, family life and scattered attempts to earn a wage through traditional employment ventures, and have become victims of self-destructive attitudes.

How can this young person, caught up by an adult-oriented program, be expected to achieve, get to work on time, and readily accept the standards which we have set for him? It is unrealistic to expect this rapid adjustment. We must devise the best method for these young people to achieve the best kind of lives that is within their personal "thing" as it is called today.

Alternatives for the youth who have been eliminated, and will continue to be eliminated from the NYC Program because of the age requirement, have been proposed. However, in taking a closer look at the alternatives, we must conclude that they are either inoperable, inappropriate, inadequate, or, as is true in many rural areas, are non-existent. For example, the WINS Program which is designed to service welfare recipients is not opertaing at full scale. It is new and undeveloped. The Job Corps, which was cut substantially last year, has lost the interest of youth; to my knowledge, with the exception of George Foreman, there have not been many documented successes. The MDTA Program, although operating, is reaching only a select group which does not include the youth of whom we have been speaking. We have little feedback on the JOBS Program regarding statistics in placement and training, or at least these statistics, when requested, have not been made available to us. The Public Service Careers Program is yet embryonic. It too, like MDTA, will touch only a committed group of youth and/or adults.

And what about union jobs? Or civil service jobs? How easy is it to gain acceptance in a union? Or secure a civil service position? Easy enough if the applicant has the proper credentials, ethnically, religiously, and eductionally. To capture a lucrative civil service job, a youth must be able to read and write well, and, in most cases, have a high school diploma. Our records show that, at point of intake, the average NYC enrollee reads at a 5th grade level with a math score proportionately lower. These scores often hold even when the youth does have a high school diploma, most frequently a general diploma. This usually means that the youth was in school for 12 years but does not mean that he came away with much.

Of course there is always the private business section. However, the fact that the Urban Coalition came to us last year for assistance in developing private sector jobs does not give us much encouragement. Furthermore, as a member of an evaluating team for a major bank, I learned that the bank was having difficulty in placing poverty applicants within the MA Program—most of the jobs were clerical and most of the applicants were Puerto Rican males.

The typical 16 and 17 year old youth with whom I have worked in the past is not ready to live up to the expectations that are inherent in the NYC–2 design and the adult manpower training programs. Neither are the 18 through 21 year olds who are omitted from the new design. This youth is not prepared to be a contributing member of society and, if forced too soon, will turn back to the streets. If the dollar is invested in the person now, the returns will far greater in the future in terms of his acquired buying power, his contributions to community and country, and his position as a taxable citizen. If the dollar is invested in unrealistic training programs and goals, the local, state and federal governments will be supporting the person for the rest of his life through various public services and welfare payments.

Another intention of the authors of the new design was to reduce the enrollee wages, presently $45.00 per week on a gross basis, to a $25.60 stipend. The purpose for this reduction in wages was to free monies to provide additional supportive services for youth, e.g., counseling and remediation. We fully support the idea of giving youth better services; however, we resent monies for these services coming out of the youth's own pocket. Since we received a copy of the new design, we have learned that the stipend would be increased to an amount equivalent to "75% of the MDTA stipend." Although we had no definite amount cited to us, we estimated that this would be approximately $38.25 per week. The most recent figure quoted by the Department of Labor is $40.00 per week.

We realize that the actual figure may be more than the $40.00 estimate, it may be the same, or it may be even less. However, since the purpose of the Economic Opportunity Act of 1962 and 1964 was to reduce poverty, and since I hope that this is the purpose of this Administration, it is difficult to see how this can be accomplished without enhancing the income of the persons involved in the various programs. This implies that these programs will make it possible for an unemployed or under-employed person to receive at least the minimum wage paid in any given state. Furthermore, members of NACD and NANYCD representing all regions of the country concluded that not only should persons be paid the minimum wage in a given state, but that also the criteria for selection of program participants should be determined by regional economic status.

The NANYCD is also concerned about the elimination of the "wage" concept. It seems that by eliminating this concept, we are taking away an important learning step in the program. Many jobs pay those who fill them by the hour—if the person works for that hour, he is paid for that hour. The stipend pays a youth for the week regardless of whether or not he participates in education classes and/or training for the entire week. If we are discussing methods for helping a youth to successfully adapt to the employment world, then we are removing one step in reaching that goal.

The new design stated that the first priority for the youth is their return to school. Those of us who have worked closely with poverty youth in the poverty programs know that this is not a live option. Youth who have left school for whatever reason, e.g., lack of interest, poor grades, difficulty with authorities, and realizing that schooling has helped only a small percentage of minority people in the past, will not return. For the most part, these youth were probably the troublemakers in school and are not wanted back anyway. In New York City, I have heard cases cited in which the teacher has been encouraged to do a dossier on a troublemaker because, when this has been completed, the youth can be dismissed from the school. In fact, gentlemen, after seeing some of the high schools in New York City, I believe that if I were 16 years old again I would undoubtedly drop out, and not for academic reasons.

And yet, quality education can be attained by stylizing the educational process to meet the particular needs of the youth. To refer again to the program for hard-core youth which I mentioned earlier, the purpose of this program was to allow these youth the privilege extended to most middle-class youth: the opportunity to decide for themselves whether or not they wished to finish their high school education and go on to college. This meant to return to an academic high school course, offered to them by small store-front schools called "street academies," and by two cooperating prep schools. At the time I left this program to work with the Central Office of the Neighborhood Youth Corps, over 150 youth had been accepted by colleges and univeristies throughout the country. Just recently, it was publicized that the United States Post Office Department has bought the street academy idea and is now in the process of establishing small academies for personnel who require more training for better jobs and for high school dropouts between 16 and 21 years of age who will also have part-time jobs with the Post Office.

What has been accomplished by the street academies has been done by circumventing the conventional educational routes. In fact, this by-passing process is still being exercised. The Neighborhood Youth Corps-City University College Discovery Project, which was begun last year and which is funded by the Department of Labor, has prepared and recommended 29 youth for High School Equivalency Diploma examinations. Of this number, 25 have passed these exams and have been enrolled in the participating City University institutions.

In the 1950's, with the threat of the gang wars, it was realized that something had to be done about solving the nation's youth problems. The Youth Board of New York City was one of these agency forerunners. In 1961, the Juvenile Delinquency Act was passed. This Act released the planning money to research and develop programs for youth. Later, Mobilization for Youth, Haryou-Act and Bedford-Stuyvesant Youth-in-Action were set up as demonstration programs. As a member of the Haryou-Act Employment Program, and as a Staff person who assisted in the research for the document entitled "Youth In the Ghetto: A Study of the Consequences of Powerlessness and a Blueprint for Change," I feel that Congress and the Administration realized that a need existed in this country for youth-oriented programs. As a result, Harlem Youth Opportunities Unlimited, Inc. was established in Central Harlem, as well as many other youth-oriented programs in New York City and other parts of the country. Gentlemen, I feel that the Manpower Training Act of 1969, as presently written, and the Department of Labor NYC–2 design, as presently written, takes little of what we have learned about youth into consideration.

The Neighborhood Youth Corps was created in 1964 with the passage of the Economic Opportunity Act. It seems difficult to believe that with all that has been acknowledged about the situation of youth in this country, that a change could be made back to more traditional approaches, those which helped to create the very problems with which we are dealing today. It would seem that, rather than to establish a total change, that more strength and support should be built into what already exists. Therefore, we urge the following:

1. That the youth 18 through 21 years of age be permitted to enroll in the program. It takes a great deal of time and patience to counsel a youth, to help him explore his interests and to develop ambitions, to help him find a spark of excitement about a skill, to prepare him academically for this interest, and then to steady him in that job or skill area while he learns the inner-discipline that must accompany any position or responsibility. The NYC Program, by providing a combination package of work experience, counseling and remediation, offers the youth the chance to experiment and succeed or fail and try again. During the months he is a part of the program he can attempt one kind of experience at a job site, and if he is not interested or adapted to that particular line, he can request a change without jeopardizing his future work record or cramping an employer's profits.

It is widely known, and the Department of Labor has given confirmation, that youth below the age of 21 do not settle in their first attempts at employment, but take several or more jobs which can best be described as "knock-around" jobs. It is unreasonable to expect a youth to lock into a job situation or an inflexible one-year plan as is presently proposed in the new design.

2. That proper financial support be provided for each youth during his time of enrollment. At present, the NYC Program offers a youth the economic base enabling him to explore further academic avocations and/or vocational skill training. We find it impossible to think that a youth may receive less than he is receiving now, i.e., $45.00 (gross) per week, when it has been reported that the cost of living in New York City rose by 7.2% from January, 1969 to January, 1970.

3. That each youth be given the necessary supportive services, especially counseling and remediation, that these services be relevant to the youth's work

experience, and that these services be provided by whatever method best brings about the educational results desired. That these services not be financed out of the youth's pocket by reducing enrollee wages, but by additional funding. In an evaluation completed in 1969 by the Department of Labor, it was recommended that the New York City NYC Program strengthen the areas of counseling and remediation. As funding for these areas has always been sparse, in spite of the fact that they have been labeled priority areas by the Labor Department, we requested an additional allotment to comply with their recommendation. However, monies were never provided. In fact, when the program underwent a major cut-back in 1969, approximately 160 New York City staff persons were terminated. Of this number, over 40 were counselors and remediation teachers.

The Neighborhood Youth Corps Program has had its share of short-comings. However, it is our feeling that much of this has had to do more with the way the design was implemented and not with the design itself. It is our prediction that if the entirely new NYC–2 approach is instituted, that the U.S. Government will soon find itself in the position of having to devise a new program to meet the needs of even more disadvantaged youth. To paraphrase Dr. S. M. Miller, a noted economist, it seems as though the Government is designing and implementing new programs for the 1970's without any concern for what we gained from our experiences in the 1960's.

SUCCESS STORIES

Ralph Edwards: Age: 22. Current Position: Herbert Lehman Pre-Law Student.

Patrolmon Ralph Edwards, a product of a New York ghetto, is a man who has risen above the limitations and disadvantages surrounding him to take full advantage of the many programs and opportunities available to him through the facilities of the New York City government.

Patrolman Edwards, a former high school dropout, is currently attending Herbert Lehman College as a pre-law student. The road to Lehman College was not an easy one for Patrolman Edwards. Ralph was a high school dropout back in 1966 when he found his way to one of the community agencies who referred him to a Neighborhood Youth Corps job in the Police Department. In retrospect, Ralph tells us that his employment in the Police Department was the decisive factor in his career. Counseled by experienced police officers, who were familiar with many of the problems connected with the ghetto, Ralph was able to find himself. Ralph, the high school dropout, wanted to become a New York City Patrolman. Through the Police Department, Ralph learned of the Police Cadet Program, in which he enrolled and after a six month training period he passed the exam for Patrolman. He now works in the 34th Precinct in Manhattan. Ralph is grateful to those members of New York City's Finest who were thoughtful and considerate and were so instrumental in helping him during those anxious and uncertain days.

He soon learned about SEEK, the program run by City University which provides funds for tuition, fees and books and special tutoring for eligible youth. Patrolman Edwards is now in college. When he receives his degree, he may either stay with the Police Department and use his psychology training to counsel youth or he may attend the law school. Good luck to one of New York's Finest!

Virginia White: Age: 20. Current position: Department of Hospitals—Clerk.

Virginia White is one of the city's newest Clerks at the Department of Hospitals. Virginia is the former Out-of-School Neighborhood Youth Corps enrollee who was trained at the Office of the City Sheriff. She learned her job so well that we were able to recommend her for a provisional Clerk job with the Department of Hospitals. Her future now looks a good deal brighter.

Larry Gardenhire: Age: 21. Current Position: Delehanty Institute for Auto Mechanics—Student.

Another former Out-of-School enrollee who we are sure is going to be a big success is Larry Gardenshire. He worked as an Out-of-School Neighborhood Youth Corps enrollee in the Department of Public Works. The youth was employed as an Auto Mechanic Aide. Larry showed a remarkable interest in his job and expressed a desire to further his training. He, therefore, took a test to enter Delehanty Institute of Auto Mechanics. He passed among the top five and was accepted and is now attending classes and is guaranteed full-time employment upon completion. Delehanty is one of the finest training schools in the country.

In addition to the above, more detailed, success stories, a number of equally impressive advancements, made by NYC enrollees, are listed on the next few pages.

Stella White: Age: 19. Current Position: Manufacturers Hanover Trust Company—The Teller Trainee Program.

Stella was involved in a pre-training program, offered through UBA, which trains enrollees in office procedures, grooming, switchboard, operation, filing and typing. The pre-training program is geared to meet the needs of each of the individual enrollees. This type of training also helps the enrollee to gain confidence and a sense of responsibility. Her placement on a job at Manufacturers Hanover Trust Company is a direct result of this pre-training program.

Lauwanna Eaton: Age 19. Current Position: New York Telephone Company—Accounting Department.

The counseling and remediation services offered Lauwanna, during her six months of enrollment with the corps, assisted her in passing a test which qualified her for work in the accounting department of the New York Telephone Company. She is very pleased with her position.

Deborah Conde: Age: 20. Current Position: New York Telephone Company-Accounting Department.

Deborah, too, came to UBA for assistance in finding a job and to receive remediation and counseling services. The Youth Corps afforded her the opportunity to prepare for a meaningful job. She was subsequently placed with the New York Telephone Company in the accounting department and is very satisfied with her job.

Ronald Lowe: Age: 20. Current Position: Meat Masters Butcher Training Program.

Careful counseling attention was given to Ronald during his four months of enrollment with the Youth Corps. A number of work possibilities were investigated before Ronald was placed with the Meat Masters Butcher Training Program which is financed by the Department of Labor. Ronald has been in this program six months and he is expected to graduate next month. He will then become a butcher and earn over $100 per week.

Magalley Gonzalez: Age: 20. Current Position: Manufacturers Hanover Trust Company-Teller.

Magalley is a very bright young woman. She was tutored in English by Mrs. Doctor, the Neighborhood Youth Corps Director at MEND. Magalley was then placed in a training program for six months before she was hired as a Teller at Manufacturers Hanover Trust Company. Her salary is $90 per week and she expects to work her way up from this position.

Bienvenido Lee: Age: 19. Current Position: New York Bank for Savings-A.I.B. Trainee.

Bienvenido came to UNH for assistance in job placement after dropping out of school at the completion of the 11th grade. His initial reading level was approximately 7.4 and Math level, 9.9. His work experience consisted of an assignment to a clerical job site in a Settlement House and he received daily remediation. His academic standing improved. A job was then secured for him in a training program at the New York Bank for Savings, where he now looks forward to a career in banking.

Joyce Snape: Age: 18. Current Position: Equitable Life Insurance Company-Clerk-Typist.

This previous NYC enrollee had dropped out of school after completing the 8th grade. When she initially came to UNH, her reading level was approximately 4.1 and 3.6 in Math. She was assigned to a clerical position at the Agency, while receiving intensive remediation, clerical and typing training. She made enormous gains in all areas in her short experience in the corps. As a result, she was then accepted for her present position at Equitable Life, offering her various promotional opportunities and further improved academic and vocational skills.

Betsy Guerrera: Age: 20. Current Position: New York City Public Schools-Para-professional.

Betsy, a high school dropout, came to UNH in October, 1967 for assistance in finding a job and remediation. She remained with this Delegate Agency for one full year, initially in a clerical capacity, and then was assigned to work as a teacher's aide in an Early Childhood Education Program. During her year with UNH, she succeeded in completing remediation through the 12th grade. Her first job placement was as a salesgirl in an MA–4 Program. She later obtained her present position as a bi-lingual Paraprofessional in New York Public Schools, where she was able to combine her Youth Corps experience to perform clerical and teaching aide functions.

Reggie Murrell: Age: 19. Current Position: CBS-Assistant Television Monitor.

Reggie Murrell came to the Community Council NYC office, after dropping out of school in the 11th grade. He was placed in this Delegate Agency's mailroom for his work experience. Vocational counseling and job placement, being an extensive part of this Agency's program was offered to him and after only 3 months in NYC, Reggie was considered ready for a permanent placement. He was initially placed in a watchmaking firm, but found that it offered him no realistic promotional opportunities and subsequentially returned to Community Council, requesting another placement. Reggie was then placed in the mailroom at CBS where he stayed 6 months and was then reassigned as an Assistant Television Monitor. CBS is now giving him the opportunity to work in other departments within their company to broaden his work experience. This firm thinks so highly of him that they are also sending him through a Journalism program at Columbia Univeristy. It is apparent that this previous NYC enrollee is well on his way to a successful career with CBS, as well as a more optimistic future.

Julia Jett: Age: 17. Current Position: Chase Manhattan Bank-Teller/Salary at $88 per week.

During her clerical work experience in the MEND NYC program, Julia, a high school dropout, received remediation in English and Math, geared toward assisting her in fulfilling a lack in her academic studies which would have hampered her in obtaining a permanent and meaningful job on her own. In addition, she received vocational and academic counseling to aid her in establishing good work habits, an improved shelf image and to establish a more optimistic outlook in her future. Julia then entered the Chase Manhattan Bank Training Program for 6 weeks, while receiving a stipend of $65 per week. After successfully completing this training program, she was hired by Chase Manhattan for her present position. As a result, her future plans include a sincere interest in pursuing an increased knowledge of banking from Chase Manhattan.

Carmen Garcia: Age: 16. Current Position: Youth Employment Services—Secretary/Salary at $70 per week.

Carmen Garcia was a high school dropout who enrolled at MEND because she was unable to secure a job on her own. MEND assisted her by assigning her to the East Harlem Youth Employment Services where she gained experience in intake and office procedures. MEND also aided her in providing classes in English as a Second Language and vocational counseling. This combination of supportive services offering by this Delegate Agency resulted in her subsequent hiring by the job site as a permanent Secretary.

Carmen Mercado: Age: 19. Current Position: Diners Club Credit Card Corporation—Secretary in conjunction with the College Discovery Project.

Carmen's first job site assignment, through the Department of Personnel, was in the volunteer section at the Hospital of Joint Diseases, where she performed clerical duties. She was then hired as a Secretary with the Diners Club Credit Card Corporation. These two positions enabled Carmen to make a decision to prepare for her High School Equivalency Diploma. She is now participating in the College Discovery Project which will give her an opportunity to enter college upon successful completion of the High School Equivalency Examination.

Jeannette Fisher: Age: 21. Current Position: Abraham and Strauss—Microfilm Department.

Jeannette dropped out of school mid-way through her final year and discovered that she could not find employment. In desperation, she came to the Neighborhood Youth Corps and was assigned to St. John's Hospital where she received counseling and training in clerical skills. In February, 1968, Jeannette was hired by Abraham and Strauss after a referral by Community Council. She was placed in the Photographic Department as a sales clerk. Her initiative and ability soon brought her to the attention of the supervisor, and she was promoted to the Microfilm Department. Jeanette has received several raises and can expect to move up rapidly as her experience grows.

Gail Ellis: Age: 21. Current Position: Morgan State University—College Student.

Gail was in the NYC summer program in 1965, and this job helped to defray the cost of her college education. This was Gail's first job and it helped her to develop a more responsible and realistic outlook on life. She is a senior college student at present, but after graduation, Gail plans to teach and do graduate work in Guidance Counseling.

Carolyn Brown: Age: 19. Current Position: United Neighborhood Settlement House—Keypunch Operator

Personal and health problems impaired Carolyn's ability to function properly. After enrolling in the UNH NYC program, she was able to receive the proper counseling and supportive services she needed. Carolyn was a high school dropout. Through the NYC remediation program, her reading level increased from 5.6 to 7.4 in 3 months. After completing the Keypunch Training Program, she was hired by United Neighborhood Settlement House as a Keypunch Operator.

Shirley Cooper: Age: 16. Current Position: First National City Bank—Clerk-Typist

Shirley Cooper was a high school dropout who had not completed the 10th grade. It was impossible for Shirley to find a decent paying job without a high school diploma and no skills. She looked forward to becoming involved in the NYC program which could provide counseling, remediation and on the job-training experience. After 5 months in the NYC program, Shirley was able to obtain a permanent position in a company that provided opportunites for advancement. In a short time, Shirley advanced from the position of a Page to a Clerk-Typist.

Rhonda Feliciano: Age: 18. Current Position: Metropolitan Life Insurance Company—Keypunch Operator

Prior to her experience at UNH NYC program, Rhonda's personal and family life had stifled her emotional growth, and her future looked bleak. Rhonda had many personal and family difficulties which eventually caused her to drop out of school in the 10th grade. During this time, she had developed a low self-esteem and needed the guidance and patience possible from understanding adults. Through the counseling and remediation services offered by UNH, Rhonda was able to develop a more positive self image. Rhonda was enrolled in a Keypunch course at this Agency, and upon graduation was employed by Metropolitan Life Insurance Company as a Keypunch Operator.

Anthony and Carmine Bifulco: Age: 15 and 16. Present Positions: Bloomingdale's Department Store—Floor Supervisor; Building Service Asst.

Anthony and Carmine both were expelled from school at an early age—the 7th grade—and, as a result, they were almost illiterates. After several unsuccessful attempts in finding jobs, both boys decided to register in the NYC Program. Their emotional and educational handicaps caused both boys to progress slowly at first. However, the agency through which they were registered provided the needed guidance and supportive services thus enabling the brothers to obtain the maximum from their job training program.

After one year at Brooklyn Jewish Hospital in the maintenance department, both were placed at another job site in order to expand their knowledge and skills in the building services. As a result. Carmine and Anthony have been placed in permanent jobs at Bloomingdale's Department Store in the Building Services. Anthony presently holds the position of floor supervisor in his unit.

Gloria Celeste: Age 18½. Current Position: Middlebury College—Student

Gloria left school in the 9th grade and, shortly after, enrolled in an NYC agency remediation program to prepare for her GED examinations and for her College Boards. While in the NYC Program, she received her GED Diploma and achieved high scores on her College Board examinations. She excelled in the agency's Keypunch Training Program and later secured a position in an advertising firm.

Gloria's outstanding ability and performance were recognized by the agency and she was subsequently given a four-year scholarship to Middlebury.

Ella Byrd: Age: 21. Present Position: MA Program Food Cooperative—Trainee

Ella only completed the 10th grade. She was in and out of the NYC Program due to several difficult problems, including pregnancy. The agency in which she was enrolied was able to provide supportive services, e.g. counseling, remediation and early childhood education. Her reading level increased from 4.9 to 7.6. The agency was successful in placing her in her present job situation.

Deborah Ward: Age: 20½. Present Position: Dental Assistant

Deborah is a high school dropout, having completed her 10th year. However, she registered in the NYC Program where she was able to receive training in early childhood education, as well as, clerical skills. The program also provided her with necessary counseling and remediation. As a result, she was able to be placed as a dental assistant.

Vivian Battle: Age: 20½. Present Position: Salvation Army Day Care Center—Asst. Teacher.

The agency through which she was enrolled provided Vivian, who had left school in the 9th grade, with the remediation and counseling that she needed. With these services, and through a special training program offered by the agency, she was secure enough to be placed with this day care center as an assistant teacher.

Carmen Diaz: Age: 18½. Present Position: Bloomingdale's—Union—Keypuncher.

Carmen had several family problems in addition to having left school in the 11th grade. In the NYC Program, she was given intensive counseling to help her overcome her family difficulties. She also received remedial education. Following enrollment in a Keypunch Training Program, she was able to obtain permanent status as a Keypunch Operator.

CUNY-COLLEGE DISCOVERY PROJECT

Neighborhood Youth Corps success stories have been further highlighted, this year (April, 1969 to the present), by the Youth Corps' involvement with a special pilot project designed to provide our out-of-school Youth Corps enrollees with special enrichment services as a means of qualifying them for the GED and college entrance, thus linking Neighborhood Youth Corps to the public college system of New York City. This program, the CUNY-College Discovery Project, has graduated 25 Neighborhood Youth Corps enrollees. All but one of these graduates are now in the College Discovery Program of the City University of New York.

The 25 names and agencies represented are listed below:

Williamsburg Comm. Pro. Center—Mrs. Shirley Itzkowitz

1. Klien, Henry—Bronx Community College—January 30th 1970.

Department of Personnel—Miss Phyllis Cohen

2. Yee, Ramona—New York City Comm. College—Sept. 8th 1969.

South Bronx Community Corp.—Miss Holmes

3. Harritte decided to work full time and to start training to be a policewoman instead of attending College. *Harritte McKissic.*

Bedford-Stuyvesant—Mrs. Marion Williams

4. Simmons, Cedric—Kingsborough Community College—September 8th 1969.
5. Randall D. Deborah—Bronx Community College—September 8th 1969.

Lower West Side Comm. Corp.—Alberta Lloyd

6. Douglas, Rose Marie—Bronx Community College January 30, 1970.
7. Sepulveda, Enoch—Manhattan Community College—January 30, 1970.
8. Thomas, Herbert—Bronx Community College—January 30, 1970.
9. Marrone, Gerrard—Bronx Community College—September 8, 1969.

Haryou-Act—Mr. Joseph Merriweather

10. Davis, Arnold—Manhattan Community College—January 30, 1970.
11. Hicks, Arthur—Manhattan Community College—January 30, 1970.
12. Samuda, Albert—Manhattan Community College—January 30, 1970.
13. Rector, Laverne—Bronx Community College—Sept. 8, 1969.

Morrisania Comm. Pro. Center—Mrs. Goodman

14. Kenneth, Gregory—Bronx Community College—Jan. 30, 1970.

Community Council of Greater New York—Mr. Bill Temple

15. Cox, Deborah—New York City Community College—Jan. 30, 1970.
16. DelValle, Sondra—Queensborough Community College—January 30, 1970.
17. Friedaman, Dave—Kingsborough Community College—January 30, 1970.
18. Quiles, Jose—Bronx Community College—September 8, 1970.

Qualicap Community Corp.—Mrs. Wylie

19. Bing, Ernest—Queensborough Comm. College—January 30, 1970.
20. Cohen, Russell—New York City Comm. College—January 30, 1970.
21. Lewis, Rita—Kingsborough Comm. College—January 30, 1970.
22. Johnson, Michael—New York City Comm. College—January 30, 1970.
23. Alston, Walter—Manhattan Comm. College—September 8, 1969.

East New York Comm. Progress Center—Nina Garcia

24. Hernandez, Myrna—New York City Community College—January 30, 1970.

25. Billingslea, Jacquelyn—New York City Community College—September 8, 1969.

Slots for youth who qualify for this project are still open in the CUNY Project. Our next entering exam will be on the 24th of February at 9:00 A.M.

Recent reports have indicated that all the above students are doing well, especially one young lady, Miss Ramona Yee, whose grade point average for her 1st semester is 3.8. Ramona Yee, was reading at a 7.0 grade level when she entered the CUNY College Discovery Project. In four months she raised her reading level to 11.5 and her math level from a 7.5 to 12.5. Ramona is registered for 17 credits this spring semester at New York City Community College.

The following is a list of 22 youth who were enrolled in the Department of Personnel's Special Neighborhood Youth Corps Retardate Program and who have been successfully placed in permanent or provisional jobs in New York City Government or in private industry.

Enrollee	City agency job site	Job secured
Irwin Klein	Air Pollution Control	Clerk temporary.
Loretta Glus	Criminal Court	Provisional clerk.
Bruce Marano	Community Mental Health	Do.
Phyllis Franks	Board of Education	Do.
Thomas Prochacki	do	School lunch helper.
Dennis Nadel	Economic Development Administration	Civil service clerk.
Joseph Grant	Finance Administration	Civil service messenger.
Martin Kolb	do	Do.
Isaac Blanchard	Health	Construction job with Consolidated Edison.
Barbara Johnson	do	Provisional clerk.
	HOSPITALS	
Kathleen Clark	Cumberland	Housekeeping aide.
Paul Canady	Kings County	Maintenance man.
Rudolph Feliciano	Bellevue	Dietary aide.
Raymond Kimmel	Morrisania	Civil service messenger.
Kenneth Hayward	do	Provisional messenger.
John Jennings	Sydenham	Job in private industry.
Carmen Melendez	Morrisania	Laundry aide.
Ella Mae Snyder	Sydenham	Institutional aide.
	HOUSING	
Edwin Acevedo	Smith Houses	Seasonal caretaker.
William Hough	Marble Hill Houses	Do.
Randolph Scott		MDTA training.
Colin Darnell	Youth Service Agency	Civil service messenger.

Mr. Gaydos. You may proceed in any manner you please.

Mr. Freeman. Thank you.

With me is Mr. Eli Cohen. We will take as little of your time as possible.

Mr. Gaydos. I would like to welcome you to the committee.

Mr. Freeman. I am here today to speak on behalf of the New York State Association of NYC Directors, as a member of the National Association for Community Development, as a member of the National Association of NYC Directors, as well as a board member of the National Committee on Employment of Youth.

In September of last year, we were informed that certain NYC cutbacks, implemented in the spring, were a part of a systematic administrative design to implement portions of the manpower bill through administrative directives even before Congress had acted on the bill.

Basically, we found three things wrong with the NYC-2 plan. One was the traditional approach of sending youth back to school. The second was the reduction in their wages from $45 a week in New York

City to a $25.60 per week stipend, and the third was the elimination of all youth, 18 or over, in the program.

I worked with a private social services agency 4 years ago, which had begun a college-bound program for hard-core youth: 98 percent of these youth were high school dropouts and they ranged in age from 16 to 30.

These youth had supported themselves for many years by whatever means available, and we considered them as having the equivalent of a Ph. D. in street education.

At that time, the director of the program coined a phrase, "protracted adolescence," to describe these youth. We think this illustrates that maturity has nothing to do with chronological age. Because a youth is 18, or 28, he is not necessarily equipped to meet the demands of the adult world.

How can this young person, caught up by an adult-oriented program be expected to achieve, get to work on time, and readily accept the standards we have set for him? It is unrealistic to expect this rapid readjustment. We must devise the best method for these young people to achieve the best kinds of lives that is within their personal "thing" as it is called today.

Alternatives have been suggested for the youth over 18; the WINS program, Job Corps, public service careers program, JOBS, and others.

We feel that these programs do not adequately meet the needs of youth 18 and over, and in the Job Corps, with the exception of George Foreman, there have not been too many documented successes.

Union jobs—how easy is it to gain acceptance by a union? Easy enough if the applicant has the proper credentials—ethnically, religiously, and educationally.

The type of 16- or 17-year-old youth with whom I have worked in the past is not ready to live up to the expectations that are inherent in the NYC–2 design and the adult manpower training programs. Neither are the 18- to 22-year-olds who are omitted in the new NYC–2 design.

As I mentioned earlier, the first NYC–2 design reduced the wages from $45 to $25.60. We later learned that this figure may be $40 per week. It may be the same, it may even be less. However, since the purpose of the Economic Opportunity Act of 1962 and 1964 was to reduce poverty, and since I hope this is the purpose of this administration, it is difficult to see how this can be accomplished without enhancing the income of persons involved in the various programs.

Members of these organizations concluded that not only should persons be paid the minimum wage in a given State, but the criteria for selection of participants should be determined on a regional basis, and not nationally.

The first priority was to return youth to school. Youths who have left school for whatever reason, and realizing that schooling has helped only a small group of minority people in the past, will not return.

After seeing some of the high schools in New York City, I believe if I were 16 years old again I would drop out, and not for academic reasons.

As I mentioned, in the program with which I worked before, the street academy program, or the store-front program, youths were able to gain much academically. In fact, when I left the program, 150 of these youths were in college, and just recently it was publicized that the U.S. Post Office Department has bought the street academy concept and will be funding street academies.

In the 1950's, with the threat of gang wars, which, again, I was a part of, it was realized that something had to be done about solving the Nation's youth problems. In 1961, the Juvenile Delinquency Act was passed, and organizations in New York City were set up. I worked as a member of a team that did research on a book that was titled "Youth in the Ghetto," a study of the consequences of powerlessness and a blueprint for change.

I believe at that time Congress and the administration realized a need existed in this country for youth-oriented programs. I feel the Manpower Act of 1969, as presently written, and the Department of Labor's NYC–2 program, take little of what we have learned about youth into consideration.

It is widely known, and the Labor Department has given confirmation, that youth below the age of 21 do not settle in their first attempts at employment, but take several or more jobs that can best be described as "knock around" jobs.

It is unreasonable to expect a youth to lock into a job situation or a training situation or an inflexible 1-year training plan as is presently proposed in the Labor Department's NYC–2 design.

I also feel that youth should be given the opportunity for the necessary supportive services, especially counseling and remediation, that these services be relevant to the youth's work experience, and that these services be provided by methods which best bring about the educational results required.

The Neighborhood Youth Corps program, in conclusion, has had its share of shortcomings. However, it is our feeling that much of this has had to do with the way the design was implemented, and not with the design itself. It is our prediction that if the entirely new NYC–2 approach is instituted, the U.S. Government will find itself in the position of having to devise new programs to meet the needs of more disadvantaged youth.

To paraphrase Dr. S. M. Miller, it seems that the Government is implementing new programs for the 1970's without any concern for experience gained in the 1960's.

Attached to this is a list of success stories of youth, and also a list of the 25 students who are now attending college in New York City through the City University of New York's cooperative program with the Neighborhood Youth Corps.

Mr. GAYDOS. I want to thank you, Mr. Freeman, and I want to assure you again that your statement will appear in its entirety in the record.

I would like to ask Secretary Cohen if he has any summations he would like to make. Again, I apologize on behalf of the committee for this inconvenience.

Mr. COHEN. Thank you for this opportunity.

I shall be brief. I want to make two points. My first point is that I believe it is a mistake to decategorize the program at this time.

My second point is that I think these bills must pay much more attention to the problem of job creation if they are to effectively deal with the manpower problems of the 1970's.

Let me go back and develop these as concisely as I know how. I am not opposed to decategorization in principle. I believe that ultimately we should decategorize the program. They should be decategorized when we reach the point when we are ready for decategorization.

Mr. GAYDOS. Would you yield?

Won't that happen through the national process of attrition? Aren't you saying that?

Mr. COHEN. No; I am saying that we do not yet know enough about the several manpower programs to be able to say to the States, "Here is a laundry list of kinds of programs. Go ahead and develop them."

Let me give you an example of what I am talking about relative to the Neighborhood Youth Corps. I am talking about having the answers to knowing what program does the best kind of a job for which group, or what is the best way of operating each type of program to get the best results.

The Neighborhood Youth Corps' news design, NYC–2, is presently the subject of controversy. They are divided over questions like this: Who should be served in the Neighborhood Youth Corps program? The Manpower Administration says it ought to be the 16- and 17-year-olds. The 18-year-olds are adults and should go into adult programs.

The Neighborhood Youth Corps directors dealing with these youngsters on a daily basis say that they have 18-year-olds and older who are not mature, and that they need a youth program rather than an adult program.

In other words, there is a division over what is the definition of the population to be served in the Neighborhood Youth Corps program, by two knowledgeable groups, which you assume have good will and integrity, and yet can't get together on who should be served by that program.

I submit that if you decategorize these program now and say to the States, "Set up your programs," we have not given the States the guidance they need in setting them up.

Let me give you a second example of what goes on in the new design for the Neighborhood Youth Corps. The program has been redesigned by the Manpower Administration to establish a rather traditional or conventional formal training program. No youngster can come in unless he is able to benefit from a full year's training.

The total approach is largely a classroom type with some on-the-job training, but it basically either ignores or eliminates or delimits the work experience approach which is the approach that the Neighborhood Youth Corps has used up to now. As you know, under the work experience approach, the youngster is offered a very concrete situation, a job in the form of work experience, and he is paid a wage, even though it is in effect a stipend.

Here, again, we have a deep division of opinion as to what is the correct way of working with those young people in the Neighborhood Youth Corps. I submit that if NYC directors and the Manpower Administration are divided on this, how can we expect the States under decategorization to know what to do?

As a final example, let me cite the fact that as yet nobody has come up with an adequate program for dealing with the problems of rural youth in the Neighborhood Youth Corps.

What I am saying is that we don't have the answers to all our problems, to all our questions. We don't fully know, even after 4 or 5 years, what are the best ways to run the Neighborhood Youth Corps. There are honest differences of opinion, and I think to decategorize at this point, until we have found some of those answers, would be a mistake.

Let me go on to my second point, which is that, as I said earlier, this program, these bills, this legislation, must pay a great deal more attention to job creation than it does. I don't want to sound like an alarmist, but I think it is time that somebody did sound the alarm loud and clear. As we attempt to deal with the problem of inflation, we are running into rising unemployment that undoubtedly will get worse before it gets better, and the only issue now is how much worse it gets before it gets better?

Every time the unemployment rate goes up 1 percent, 800,000 people lose their jobs.

The Government is carrying out a policy of fighting inflation, which has the effect of increasing unemployment, and therefore has the effect of offsetting one of its other manpower policies; namely, the JOBS program.

Because, as unemployment rises, those who were last hired under the JOBS program are the first to be fired.

I was told yesterday that Chrysler Corp. in Detroit has laid off 1,000 persons who were employed under the JOBS program.

Now, it sounds like we are solving inflation at the expense of the employment of the poor and the minorities.

So you will forgive me if I say that there is a kind of unreal quality an almost Alice in Wonderland quality, to talk about the coordination of training and manpower programs when people are losing their jobs.

In the 1960's, this was a valid concern, but in the 1970's with rising unemployment, I think we have to start thinking about a new ball game and start thinking about some new issues.

In fact, we are faced here with more than just a manpower question. This is not just a question of what do you train people for if there are no jobs. I think, in part, at stake is the effectiveness of all our efforts to solve poverty, and to equalize employment opportunities for minorities, because with unemployment, there will be fewer jobs, obviously, and less income.

We have raised expectations, but if unemployment continues, people are going to let down, and in a sense we will be worse off than if we hadn't tried at all.

So I would recommend very urgently that either this legislation be amended, or if need be, new legislation be drafted to deal with the problem of unemployment.

Mr. GAYDOS. Thank you, Secretary Cohen. I would like to introduce the counsel for the minority, Mr. Radcliffe, who may have some questions.

Mr. RADCLIFFE. Thank you, Mr. Chairman.

I don't quite follow your logic, Mr. Cohen. If you are saying that we cannot offer the States a range of choices, because there is a certain lack of knowledge or a difference in opinion as to the most effective programs, I would think you could just as logically conclude that what we need is a more flexible approach.

Given your premise, and I think you are right in it, then it seems to me that it is the highly categorized and highly centralized programs which, in fact, don't offer much hope for finding the answers, for discovering what will work.

Mr. COHEN. I quite agree that what we need is the opportunity to experiment more and to find more answers, but I think where you and I possibly part company is how you do that.

I think to do this in some kind of complete laissez-faire way, and have people experiment here and there with no order to it will not provide the answers we are looking for. I think what we need are fairly controlled experiments, controlled in the sense that they be part of an overall plan that says we ought to look at this, this, and this, and we will look at it in those and those and those ways.

Rather than turning over to the States, as we will do under at least two of the bills, a laundry list, as I said earlier, of the kinds of programs that one might set up, we ought to give them the tested guidelines on how to set them up, in what ways, for what groups, and so forth.

Mr. RADCLIFFE. Aren't you really putting together, or attempting to put together, two quite separate things? One is the question of decategorization, and that is what I thought was your first point made in your testimony. The other is the question of how the programs will be administered and where the focus of decisionmaking will be located.

Just on the question of whether these programs should be decategorized, I understood you to say that you opposed that because we didn't have enough knowledge of what works.

I am raising the question, assuming that we need more knowledge, of whether it isn't better to provide more flexibility in our approach to these problems, wherever the administrative responsibility is located, than it is to continue with highly categorized, centrally prescribed programs?

Mr. COHEN. I guess where we disagree is that I don't necessarily assume that you don't have flexibility in categories. I don't necessarily assume that categories lead to rigidity.

The bone of my contention is that we are not ready to as yet say, "Forget al' about program categories and set up what you think you need," because I don't think we are able to tell people enough, give them enough information as to what kind of program will work given certain needs.

I would like to see, and I share your view, the utmost flexibility at this point within the categories so that we can test out and measure out to the maximum degree what each category will do. Having done that, at that point I would then be in favor of decategorization.

I want to make it very clear that I do not oppose decategorization forever and in principle. It is just that I feel at this juncture in history we need to do more work before we are able to do it, and we need to do it in a more flexible way.

Mr. GAYDOS. Thank you, Mr. Radcliffe, and I again want to express our sincere appreciation for your appearance.

It was nice having you, Secretary Cohen, and Director Freeman.

Thank you very much.

(Whereupon, at 12:15 p.m. the hearing adjourned to reconvene at 9 a.m., February 26, 1970.)

MANPOWER ACT OF 1969

THURSDAY, FEBRUARY 26, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:20 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Hawkins, Quie, Steiger, and Erlenborn.

Staff members present: Loretta Bowen, clerk; Sue Nelson, research assistant; Cathy Romano, research assistant; Daniel H. Krivit, counsel; and Charles Radcliffe, minority counsel for education.

Mr. Daniels. The Select Subcommittee on Labor will come to order. We are continuing hearings this morning on the important subject of manpower, and our first witness is Dr. Leonard Lecht of the Center for Priority Analysis, National Planning Association, of Washington, D.C.

Dr. Lecht, we extend to you a most cordial welcome. You may proceed with your testimony, sir.

STATEMENT OF DR. LEONARD LECHT, DIRECTOR OF THE CENTER FOR PRIORITY ANALYSIS, NATIONAL PLANNING ASSOCIATION, WASHINGTON, D.C.

Dr. Lecht. Thank you, Mr. Chairman. I am Leonard Lecht, Director of the Center for Priority Analysis of the National Planning Association, and I am happy to be here to discuss the Manpower Training Act of 1969. While the bills before the committee would all make progress in expanding and improving the training systems, my remarks are mainly directed at the administration bill, H.R. 13472.

For one consideration, manpower bottlenecks in the next 5 years could seriously frustrate the attainment of high priority national goals. If we go back to the 1960's, we were frequently alarmed about shortages of scientists and engineers, and then of doctors and nurses, and frequently about people like teachers or professors. In the 1970's, it may be just as true that shortages of blue collar workers will also serve as an obstacle to realizing many of our goals.

To take one example that many of us have been hearing about, and that is the case of housing. We hear a great deal, and with good reason, of the impact of shortages of mortgage credit, high interest rates, and rising land values, on the cost of buying a home for millions of Americans.

But even if money became more available and interest rates went down, shortages of skilled labor in the building trades would still make it difficult to rapidly build many more housing units.

It was for this reason that the Council of Economic Advisers in 1969, when discussing the 1968 Housing Act, commented that "success in meeting the national target for housing recently adopted by Congress will depend upon the availability of enough skilled workers." For similar reasons, President Nixon has directed the Secretary of Labor and the Secretary of Health, Education, and Welfare to train more workers in the construction trades, because, to quote the President, "a shortage of skilled manpower is at the root of many of the problems faced by the construction industry."

This is true in other areas such as control of water pollution. We hear a great deal about legislation to do more about the quality of the environment, to deal with the pollution of the air, or to give us pure water. To cite one instance, it was estimated that we would need 33,000 technicians in the mid-1970's in work controlling water pollution. In 1967, there were fewer than 11,000 water pollution control technicians in the entire United States.

The extent to which we can train people for jobs in the building trades, or water pollution control, will to a considerable extent determine the pace at which we can pursue goals in those areas in the next 10 years.

So, on one side of the picture, manpower bottlenecks provide many reasons for improving and expanding training. On the other side of the picture, we are considering enacting other programs which will have the same effect of enlarging the scope of training. President Nixon's family assistance plan is a good example there, and this plan joins training with family income payments paid to poor families.

Secretary of Labor Shultz has estimated that 5 million family heads would be covered by the program and, of this total, over 1 million would be required, according to the administration's bill, to register for training or employment in order to receive the benefits. Others would probably register voluntarily.

Then the need for expanding and improving our manpower services is evident, because at present they are reaching only a small proportion of their intended beneficiaries. The largest group of these beneficiaries are poor people, or disadvantaged people, who are either in the labor force or are potentially good candidates for being in the labor force.

We have recently completed a study for the Manpower Administration which seeks to assess the dimensions of the biggest single component of this poor group who are in the labor force, and these are the people who are either at work or seeking work.

We looked at this population in 1966, and we attempted to get an estimate based on past trends and recent developments of how many poor people would still be in the work force in 1975. Our findings are summarized in table 1 which follows.

TABLE 1.—ESTIMATED NUMBER OF POOR PERSONS AT WORK OR SEEKING WORK, 1966 AND PROJECTED 1975 (16 TO 64 YEARS OF AGE)

Category	Number (in thousands)		Percent change, 1966 to 1975
	In 1966	Projected, 1975	
Employed full year	4,230	2,672	−37
Usually full time	3,370	1,997	−41
Usually part time	860	675	−22
Employed part year	3,280	2,148	−35
Unemployed 15 weeks or more	660	475	−28
Unemployed less than 15 weeks	1,120	765	−32
No unemployment	1,500	908	−40
No employment but unemployed and looked for work	340	225	−34
Unemployed 15 weeks or more	110	70	−36
Unemployed less than 15 weeks	230	155	−33
Total	7,850	5,045	−36

Source: Unpublished data from NPA's study for the Manpower Administration, U.S. Department of Labor, Poor Persons in the Labor Force: A Universe of Need. The estimates represent "during the year" data rather than annual averages.

In 1966, there were nearly 8 million people who were either working or looked for work, who according to the Social Security Administration's definition of poverty, were poor. This was a bit less than 10 percent of all the people who had any work experience, or did any looking for work in 1966.

In addition, there were probably another 600,000 people who should have been in this total whom we did not include because the census misses numbers of people, and many of these people are poor people.

Then, there are probably another million people who are not in the work force, that is, they neither worked nor looked for work, but who were good potential candidates for training, and this would include many handicapped persons who could be rehabilitated. Discouraged jobseekers who would be looking for work if there were jobs, or if they had salable skills, or women who are heads of poor families who would work if adequate child-care services were available were in this group.

That was the story in 1966. We attempted to project the number of poor peple in the labor force who would still be receiving poverty incomes under 1966 standards in 1975. We estimate there would still be over 5 million poor people in the work force in the mid-1970's.

What does this projection mean? Essentially, it describes the level of poverty among people in the labor force, assuming that current programs such as MDTA or public welfare continued at their present level, and that the GNP grew at 4½ percent a year after allowing for price increases.

If GNP grew more slowly, as it is growing right now, then we would be likely to have more than 5 million poor people still with us in the work force in the mid-1970's.

If we enacted better programs for assisting the poor, such as the Comprehensive Manpower Act, or President Nixon's Family Assistance Plan, we would probably reduce the number of poor people in the work force to less than 5 million 5 years from now.

Of course, manpower programs are only one measure among several for dealing with poverty. Economic growth has usually been our biggest single program for dealing with poverty, and substantial growth in the next 5 years would undoubtedly push many people out of the poverty line to a higher level of earnings.

Extensions of collective bargaining, or extensions of coverage of minimum wage legislation, would have the same effect. What our figures do show is that there is a serious imbalance between the size of the population who could be the beneficiaries of training and the volume of training we actually provide.

To cite the most recent instance, according to the 1969 Manpower Report, all of the structured job training programs, and those are the programs which concentrate on preparing people for full-time employment, all of those programs enrolled about 640,000 people in 1969.

This 1969 enrollment was less than one-tenth of the number of poor people in the labor force in 1966, and it was about one-eighth, about 12 percent, of the 5 million poor persons whom we have estimated would still be in the work force in 1975 on the assumption of 4.4 percent GNP growth rate and current program levels.

So, there is a big gap between the people who need training and what we have done, although enrollments in training programs has been growing steadily since the first Manpower Development and Training legislation was enacted in the early 1960's.

But one of the figures which impresses me in our study is the importance of the working poor as candidates for manpower training.

If we look at the poor people in the work force in 1966, over half of them were employed throughout the year. That is, they worked for at least 50 weeks during the year.

A large majority of this group were typically people who worked for a full week when they were employed, and many of these people are employed in low wage service occupations which are expected to grow rapidly in the next 10 years.

To cite one instance, we estimate that employment for hospital attendants will increase by more than half between 1966 and 1975. Hospital attendants include many people who earn low incomes. This is one of the most rapidly growing occupations in the entire economy. The projected growth in this occupation compares with an anticipated growth in total employment of about one-fifth.

To date, the manpower programs have concentrated on the unemployed. If we look at the whole fiscal 1963 to 1968 period, the status of about five-sixths of the MDTA institutional trainees, and about three-fifths of on-the-job trainees were listed as unemployed just before they entered the program. It is very understandable that the manpower programs would concentrate on people without employment and earnings. Yet the role of the working poor should be considerably larger in planning priorities for the growth of manpower training in the next 5 years. In the 1970's, a high priority for upgrading the working poor through training will figure in many cases as an alternative to subsidizing them through family assistance programs or negative income tax plans, or similar measures.

If we look at these people who are the poor people in the work force, they suggest a composite drawn from all the left-out groups in American society. We have summarized some of the key characteristics in table 2.

TABLE 2.—SELECTED CHARACTERISTICS OF POOR PERSONS WITH A LABOR FORCE ATTACHMENT AND EMPLOYED NONPOOR PERSONS IN 1966

Characteristic	Percent distribution by characteristic	
	Poor persons	Employed nonpoor
Race:		
White	67.0	91.0
Nonwhite	33.0	9.0
Educational attainment:		
8 years of elementary school or less	35.5	22.0
1 to 3 years of high school	31.5	19.0
Occupation:		
Service	29.5	12.5
Farm	13.0	4.0
Nonfarm laborers	10.5	4.5

Source: See table 1. The educational attainment data for the employed nonpoor refer to persons 18-years-old and over in March 1966.

Poor persons are characterized by an overrepresentation of nonwhites, and of persons with inadequate education, and also of individuals whose work experience is in less-skilled occupations.

For example, about three-tenths of the poor persons in the work force in 1966 were nonwhites, but if we look at the people who are employed during the year, who are not poor, less than one-tenth of them were nonwhites.

About two-fifths of the people who were not poor had less than a full high school education. Over two-thirds of the poor persons who were at work or looking for work had less than a high school education.

There were two and a half times as large a proportion of service workers among the poor as there were among the nonpoor unemployed, and three times as many farm workers.

We don't have good data on the prevalence of ill health or physical handicaps among the two groups in 1966. If we did, I would venture the guess that sizeable differentials would also show up for health and physical handicaps.

So, in effect, the manpower programs are concentrated on individuals who very frequently suffer from multiple handicaps.

For those whose poverty stems from an absence of job skills, upgrading training provides an important and an appropriate solution. For others, supporting services such as basic education or treatment for physical handicaps offers a remedy. Again, there is a major imbalance between the dimensions of the need for supporting services to get people into training and work, and the scope of the services we offer.

To cite the study again, in 1966, there were 2.8 million poor persons who had worked, or looked for work, who had completed 8 years of school or less. This is the level of schooling which is generally regarded as the dividing line for functional illiteracy.

But compared to these 2.8 million semi-illiterates in the same year, only a little more than 200,000 of the poor were enrolled in the basic education programs for adults conducted in connection with the WIN program, the Adult Basic Education program, and the Economic Opportunity Act.

The administration bill and the other measures include basic education and supporting services among the activities for which funds can be made available. It should be added that measures which lie outside of the scope of the training legislation are also essential ingredients of an active manpower policy if we are to remove the obstacles which limit employability and training for the poor. Significantly reducing the proportion of Negroes and other nonwhites among the poor, for example, will involve both federally supported education and training programs and also far-reaching effort by Government, employers and trade unions, to eliminate racial barriers in hiring, upgrading and in nonfederally supported training.

The administration bill and the Steiger bill both call for an integration of manpower services and for a decentralization of the job training programs to the States and the local areas. Yet, States and local areas have widely varying capabilities for undertaking this kind of planning, and operating these programs. Some of the States which probably have the largest discrepancies between needs and programs are those with the least experience and the least capability in this direction.

To provide an expanded information base for the planning, the administration bill provides for the development of a comprehensive system of labor market information on a national, State, and local level. This would include such information as job opportunities, the employment outlook in different occupations and skill requirements. At present, the information of this type which is required for planning is frequently lacking on a State level, and even more so for local units such as standard metropolitan statistical areas.

While there is considerable information on the number of people who are trained in the federally supported programs in different occupations, we have very little information on the amount of formal or informal training in the same occupations in the private economy.

Generating these types of information and educating and training more manpower planners and program administrators will constitute high priority items if the objectives of the Manpower Training Act are to be realized. One of the bills, the O'Hara bill, provides specific training for people engaged in doing the planning and operation of the legislation.

The administration bill is a forward step in improving the effectiveness of the manpower programs as a basis for increasing the role of training as a remedy for poverty. The Steiger bill possesses the added virtue of recognizing the need for an increase in budget authorization to accomplish this objective.

It provides a specific increase to $3 billion in fiscal 1974, about double the 1969 appropriation.

The O'Hara bill provides stronger incentives to employers for upgrading the job skills of trainees. Enactment of the administration bill with modifications to include recognition that meeting needs for training with better programs will also justify additional funds, and also to include stronger incentives for the upgrading of job skills of the working poor would go far toward establishing a comprehensive program of manpower services.

This kind of system would increase the appeal of training to the poor, and therefore, motivation for entering and completing the program.

By enabling the Nation to use more of the available work force and to use them in their most productive employment, this legislation would also increase our society's capacity for realizing its goals.

Thank you.

Mr. DANIELS. Dr. Lecht, I want to thank you for a very, very fine statement, and a wonderful analysis of our unskilled and unemployed workers in our society.

You mention that there are about 5 million working poor. Is training the only answer?

Dr. LECHT. It is one of several. Collective bargaining is another answer. Extension of the scope of minimum wages is still a further answer, but training is an important part of this answer. Many of these people don't have the skills which will get them better jobs, and many of these people are employed in some fields, often in miscellaneous service fields, which pay badly, whereas there are shortages in other fields, in semitechnical fields, or there are likely to be shortages in many of the building trades.

Mr. DANIELS. What about occupations in public service? The administration bill doesn't place much emphasis on that. I would like to have your thinking on that subject.

Dr. LECHT. My opinion is that there is a large area for job creation in the public service field. I haven't discussed it in the testimony, although the O'Hara bill makes an important point of this, because I would like to see more on the scope of the program; that is, what it would cost, how many people would be involved, and what the potentials are. I think as a goal it is a very desirable goal.

Mr. DANIELS. I think all three bills before this committee—the O'Hara bill, the Ayres bill, and the Steiger bill—all lay emphasis on the fact, but two of the bills—the Ayres bill and the administration bill—stress an emphasis upon decentralization. Do you approve of that format as set forth in the administration and Steiger bills, or do you believe that we should follow the principal outline of the O'Hara bill, which gives greater discretion to the Secretary of Labor in the awarding of grants?

Dr. LECHT. I would favor the decentralization of the two bills. Currently, there is a great deal of overlapping of programs, of duplication of services. These programs can't be run from Washington. If they are to be operated effectively and deliver their services, this implies a very considerable degree of decentralization.

Mr. DANIELS. How about the variance in the planning and employment in the 50 States of the Union, each State having a different concept of what should be done? Do you think that would be standardized more or less through the approval of the plan by the Secretary of Labor?

Dr. LECHT. The authority of the Secretary of Labor in the two bills should be sufficient for him to insist on getting plans which made sense, and I think here we really are stating that the role of the Secretary of Labor is to exercise his judgment as to the capability of the States to plan, because he has the power to withhold funds or to grant funds, depending on the caliber of the plans and what they contain, so the incentives to the States to improve their planning are quite strong.

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Mr. Daniels. Suppose you come to a situation like this, where the mayor of a local community approves adopting a certain plan and the Governor disapproves of it. How would you resolve that situation?

Dr. Lecht. Happily, I am not the one who is called upon to resolve it, because there is no general answer to this type of problem. This is a political problem which would have to be resolved through the political process, and there are many provisions built into the bill that do make it difficult for arbitrary action.

For one, the Governor has a State manpower planning body, an advisory body, and all the different groups concerned with manpower programs are included in that body.

Then, the local prime sponsors would certainly be people who would have political influence in a State. So, it would seem to me that the chances of this being worked out through compromise would be good.

Mr. Daniels. Thank you, sir.

I call on my colleague from the State of California, Mr. Hawkins.

Mr. Hawkins. Dr. Lecht, on page 10 of your statement, you refer to other measures which lie outside the scope of the training proposal. You mention one, which would reduce the proportion of Negroes and other nonwhites among the poor.

Are you referring to more effective equal employment opportunity legislation?

Dr. Lecht. Certainly, because we can train Negroes and other disadvantaged people for jobs, and we can give them the skills with which to work. If they encounter barriers on account of their race and skin color, then they are still not going to get those jobs. So, an expanded equal opportunity program is certainly an essential ingredient of an active manpower policy, which would include training.

Mr. Hawkins. I just wanted to be more certain that that is specifically what you are referring to.

On page 7, also, you mention the groups that enter the labor market as hospital attendants and so forth.

Does this suggest a new careers concept in which individuals would be employed at their low-level entry, but would be assured of the opportunity to obtain training and advancement in connection with that training?

Dr. Lecht. What I was stating there is that right now the hospital attendant is a low-paid occupation, and we are an affluent society, and we demand a great many services, such as more medical care. People usually associate economic growth with our being better off, or most people being better off. This is true, but economic growth in our society also expands the demand for the services of many people who are badly paid, such as hospital attendants.

Well, what do we do here? One of the things we could do is to upgrade the duties of hospital attendants once they are on the job, because there is a tremendous shortage of technicians, semitechnicians, laboratory people, assistant nurses, and similar people in the health field. We are very unlikely to get the doctors or the nurses that we would like to have, and upgrading people at the bottom of the occupational ladder and providing them with good opportunities for advancement is one way of both improving their status and also easing the manpower problem we have.

Mr. HAWKINS. Are you relating this in some way to the family assistance plan? Some of us have great concern that under this proposal for family assistance, if it is required that an individual accept employment in order to receive the assistance, that this may in some instances force that individual into accepting low-level employment opportunities as domestics and elsewhere, without any possibility of advancing.

Would you agree that this is what the family assistance means, that those who have historically been confined to low skills are going to be required to accept a job at low skills, and that they will continue to be at the bottom of the economic heap without any possibility of advancing, that if this possibility of training and advancement is not built into that type of a plan that what we are simply doing is continuing the inequalities that we have had heretofore and not really helping the individual?

Dr. LECHT. I agree very much with what you say. The family assistance plan, if it doesn't provide opportunities for upgrading skills to a considerable extent would perpetuate poverty and remove people from the very bottom to the middle of the low-income group. It would remedy the worst of the destitution and suffering, but many people would still remain in poverty under a family assistance plan. It seems to me that we can take the poor and divide them up according to their labor market potential. There are many people who are poor, perhaps the bulk of them who are adults, other than female heads of poor families, who are already in the work force, or would be in the work force if they had the skills. These people are candidates for training, and family assistance is at best a temporary measure until they get a decent job.

Then there are other people who probably shouldn't work under any circumstances, say, because of a physical handicap which couldn't be treated. Others would be the female heads of poor families with three or four small preschool children. These people are primarily candidates for family assistance.

But I think if we look at American history, the way the people in the labor force have gotten themselves out of poverty has been by getting better jobs and steadier employment.

Mr. HAWKINS. Thank you very much.

Mr. DANIELS. I recognize my colleague from the State of Wisconsin Mr. Steiger, author of one of the bills before this committee.

Mr. STEIGER. Thank you, Mr. Chairman.

Dr. Lecht, I very much appreciate your testimony, but I am sorry we didn't have it yesterday, when we had the witness who was saying that he thought the view of both the administration bill and the Steiger bill was naive and unworkable because the need wasn't for training.

In essence, what your study is saying to us is that among those who are unemployed, as well as those classified as the working poor, there are a substantial number of people who, if they are to be upgraded, will require training and supportive services in the next decade. Is that a fair assessment?

Dr. LECHT. Yes. This is true of a great many of them who would otherwise probably not move out of poverty.

Mr. STEIGER. That being the case, if you were to describe briefly the kind of training opportunities you belive need to be authorized, how would you go about defining for this committee what we ought to be most particularly concerned with?

By way of background, if I could interject at that point, we have a kind of a running debate on the subcommittee between those who say we need job creation of any kind, versus some of the rest of us who say the simple act of job creation isn't enough, that we have to look ahead to kinds of skills that the economy requires and that we are going to need people to fill.

So, I guess I am asking you for some guidance as to where you place the priority; in what kinds of training and skills we ought to be concerned with.

Dr. LECHT. These are good questions to which I am afraid there will not be very adequate answers for a long time. I will give you my opinion. Obviously, we have to be concerned with all of these. The economy generates a large number of jobs if it is growing at a reasonably optimistic rate—a rate of about 4½ percent a year after allowing for price increases. If we look at what has been happening to the unemployed poor in the population, they have typically been absorbed by economic growth, but many of them are absorbed in unsatisfactory ways, the employed poor for example. Rather than being unemployed, or receiving welfare assistance, they work as hospital attendants or parking lot attendants.

At the same time, we have bottlenecks in our economy. The health occupations are full of them. If we were to seriously attempt to get the housing we need, we would have many bottlenecks in connection with the building trades.

In an earlier study, we estimated that rebuilding American cities, if we were to give this a high priority in the 1970's, would generate as many as 10 million jobs directly or indirectly in the industries supplying materials and inputs. We find in that kind of situation not that we have a surplus of people, but that we have shortages of people in many different blue collar occupations, and at many different levels of skill.

Part of this employment is in the public sector. The bulk of this employment is in the private sector. We face the problem of people coming into the economy who frequently don't have skills, while, at the same time, shortages of trained manpower cause bottlenecks which are one of the inflation-producing factors.

Training offers one effective bridge for overcoming this problem. It isn't the only one. It is probably our biggest one.

Mr. STEIGER. That is a very reasonable answer, a very good answer.

Lastly, Dr. Lecht, I simply want to pay tribute to you for the kind of work I know you have done. I have read your books with great interest. You do concur that it is essential for us, if we are to have a rational manpower policy, to get out of the categorization in which we now find ourselves, which doesn't serve the individual, and which doesn't provide a full range of services which you feel are necessary? Is that true?

Dr. LECHT. This makes for a great deal of duplication, and the individuals in the local community frequently get lost attempting to go through the maze of redtape.

Mr. **Steiger**. Thank you.

Mr. **Daniels**. Mr. Erlenborn, do you have any questions?

Mr. **Erlenborn**. Thank you, Mr. Chairman. Dr. Lecht, I won't take much of the time of the committee, because we do have other witnesses. I do want to thank you for your testimony. I was interested in the same question that Mr. Steiger asked. I think many of us feel that we have been derelict for many years in not providing a system that would identify the job opportunities that are currently available and match them with those who are seeking employment. I think this is one of the things that most of the bills before this subcommittee would address themselves to.

Do you feel that this is one of the things that should be high on our list of priorities?

Dr. **Lecht**. Yes. I think everybody in the field would agree that the computerized labor-market-information-bank system of matching people and jobs is long overdue, and it is something we ought to institute as soon as we can do so.

Mr. **Erlenborn**. I understand that in Japan they have started a similar system. It is not too comprehensive presently. I visited with the Minister of Labor in Tokyo, Japan, and have some information about that, which I haven't yet read thoroughly. Are you familiar with their program?

Dr. **Lecht**. No, I am not.

Mr. **Erlenborn**. I think another item that Mr. Steiger touched upon, which is a corollary of the current information job opportunity bank, is to identify the skills that will be necessary in the future. As we all know, in our changing economy, skills that were desirable and useful 20 years ago are very little in demand today. Skills that are useful today may not be in demand 20 years from now.

Do you think there is sufficient research to identify the change in demands for job skills?

Dr. **Lecht**. There is some research. I don't think it is sufficient. Where the big deficiency exists are at the State and local level. We have pretty good information on national trends in jobs, although there is still much we need more on, say, the impact of Government programs in creating new jobs, because Government programs have a big impact, which is frequently overlooked. Legislation like the Water Pollution Control Act, or the Mass Transportation Act not only provide public facilities but they also generate employment, and I think we need considerably more research in that area.

But, when we get to the State and local levels and attempt to see what the job opportunities are going to be like in a given State or city 5 or 10 years from now, it is much more difficult to say, and we have far less information, and it is in this area particularly that enactment of this bill, like enactment of the Vocational Education Act Amendments of 1968 creates an information gap which requires considerable additional research.

Mr. **Erlenborn**. Thank you.

Mr. **Daniels**. Thank you, Dr. Lecht, on behalf of the members of the committee, for your testimony.

Mr. **Daniels**. This morning we are honored with the presence of J. Caleb Boggs, U.S. Senator from the State of Delaware, who is very, very much interested in this manpower program. In fact, he is here in support of a program of opportunities industrialization centers and he has introduced a bill on this subject matter in the other body.

There are also present, the Honorable Robert N. C. Nix, Member of Congress from the State of Pennsylvania, a very capable and able member of the House of Representatives, with whom I have the pleasure to serve on the Post Office and Civil Service Committee.

I extend a most cordial welcome to both of you gentlemen. I know that you both are well acquainted with our next witness, the Reverend Leon Sullivan, who is the founder of the program known as opportunities industrialization centers, so to each and every one of you I extend a most cordial welcome.

I shall call upon my colleague in the House, Congressman Nix.

Do you desire to make a statement with regard to our next witness?

STATEMENT OF HON. ROBERT N. C. NIX, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. NIX. Yes, Mr. Chairman. Mr. Chairman and members of the subcommittee, I wish to express my appreciation, first of all, for the opportunity to come here today. I intended to submit a statement, but I shall leave this and ask that it be printed in the record.

Mr. DANIELS. Without objection, so ordered.

(The statement follows:)

STATEMENT OF HON. ROBERT N. C. NIX, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, the Opportunities Industrialization Center Program was founded by Reverend Leon H. Sullivan, a Philadelphia Pastor, in an old abandoned jail house in the City of Philadelphia in 1964, to provide attitudinal development and skill training (for available jobs) for the unskilled and unemployed and underemployed in the concentrated communities and rural areas of America.

The OIC has been phenomenally successful and makes taxpayers out of tax consumers. The program has developed a national reputation, particularly among industrial leaders, for its success in the development of manpower to meet the needs of industry and business.

The Philadelphia OIC prototype, since its beginning in 1964 through 1969, has trained and placed on jobs 10,000 men and women with new useful skills, one-third of whom had been on relief rolls and 95 percent of whom were classified in poverty categories. In Philadelphia alone, there are 5000 additional persons at this time on a waiting list.

Emulating the Philadelphia prototype, 51 operational and 38 partially operatable OICs were reported at the end of 1969, making a total of 90 OICS throughout the nation. Among these 90, Philadelphia, Washington, Brooklyn, New York, Boston, Oklahoma City and Seattle OICs have the characteristics of having the best recruitment, job placement, retention, and performance records of any training programs in the country.

In spite of the lack of adequate resources, the OICs generally in America, comprise the best training programs *overall* in the nation, with an average national cost of approximately $1000 per person. This amounts to less than one-third the cost per individual in other federally sponsored training programs.

Up to December of 1969, 50,000 trainees have been trained in OICs across the country, with 30,000 having been placed into training related jobs; with additional thousands having received job placements directly from the OIC Feeder program which provides attitudinal and self-help motivational assistance to all OIC trainees.

Since 1964, the Opportunities Industrialization Centers have displayed a marked capability to provide the kind of training necessary to reduce the incidence of unemployment, and place significant numbers of disadvantaged workers on the road to economic security.

Although the large majority of OIC trainees are African Americans, OIC serves all Americans regardless of race or color.

One of the most unique and significant characteristics of the OIC Program is that it relates to, and is totally involved with the community. OICs are initiated, regulated, administered and developed by "community leadership" and recruiting is done in the "concentrated community" by community recruiters, on the sidewalks, in the poolrooms, and all places where the unemployed "hang out."

Recruitments are then placed in a prevocational or "Feeder Program" where they are taught hygiene, poise, speech, self-pride, American heritage appreciation and adaptation to the "world of work." Trainees are then "fed" into OIC Skill Centers which are established with the assistance of industry, where students receive a skill for jobs that are known to be available.

A subsidiary of OIC, the Adult Armchair Education Program, pre-assists by going into the community and into the homes of the indigenous where work is done to help people with the three Rs, American Heritage appreciation, and other self-help personal and community developmental skills.

Of the 90 OICs under development as of December, 1969, only 30 of the operating OICs were receiving comprehensive federal funding, the remaining 60 OICs for the most part, are totally dependent upon private sources of support.

The immediate future projection of OIC is to train 100 thousand persons per year into useful jobs with upgrading possibilities. If OIC is provided the resources to train 100 thousand persons for jobs, it would mean a gain of $66 million dollars annually to the government in the form of welfare payment savings; and $40 million dollars in additional tax revenue; also, $200 million dollars annually in additional income.

The Reverend Leon Sullivan has a distant dream of what the OIC Program might be like ten years hence—1980—if they are properly funded. He believes that if the federal, state and local governments, foundations and private enterprises were to invest some $300 million dollars a year in the OIC program in American cities throughout the country over the next decade, that over 2 million men and women could be trained for skill productive jobs that would add more than $30 billion dollars in new incomes to the national economy, plus untold savings in relief and welfare checks.

This would mean a one thousand percent dividend in ten years for each dollar invested in the OICs across the United States of America.

Through the medium of the OICs, the nation can turn the corner away from a rising "welfare" state for the disadvantaged to a new "workfare" state of self-help for all who are able to work and do a job.

In the event of possible recessions, the OIC would provide an essential "holding action" for the re-training and re-direction of individuals into public and private type job markets, and be a prime factor in the concentrated communities towards maintaining positive attitudes among the people in a time of national economic stress. Further, in such situations, OICs would aid in the development of para-professionals for community services, daycare work and other forms of educational programs that would be so vitally necessary for neighborhood rehabilitation projects.

Mr. NIX. Opportunities industrialization center program was founded by the Reverend Leon Sullivan in what was then my congressional district in 1964.

This program, Mr. Chairman, has done more in my view than any single program initiated by any one in the United States of America. The architect of that program is Dr. Leon Sullivan and I am convinced that in his testimony before this subcommittee, he is in a position to offer more of substance to this subcommittee in its deliberations than any single person in the United States.

I say this because of his knowledge of the subject, because of his accomplishments in this field, not only in the United States of America, but in other countries of the world.

I am indeed honored to be here and to have a part along with Senator Boggs in the presentation of Dr. Sullivan to this committee, along with his associate.

Mr. DANIELS. Thank you, Congressman Nix.

Senator Boggs.

STATEMENT OF HON. J. CALEB BOGGS, A U.S. SENATOR FROM THE STATE OF DELAWARE

Senator BOGGS. Mr. Chairman and members of the committee and Congressman Nix, it is a great honor to appear before this committee, and I appreciate the invitation and opportunity to be here this morning with Congressman Nix and members of the committee, and the distinguished Dr. Sullivan and Rev. Booth, who will testify before the committee.

I want to support and endorse what Congressman Nix has said in regard to Revend Sullivan.

Congressman Nix must be very proud, and I am sure you are, that the OIC was begun in his congressional district.

Reverend Sullivan is the architect of this very great and effective program. He is pastor of the Zion Baptist Church in Philadelphia. He has a distinguished career in Philadelphia and the Nation. Since his coming to Philadelphia two decades ago, the membership in his church has grown tenfold, and the church has become increasingly involved in important activities of the community.

A decade ago, he founded the Zion Home for the Retired, one of the finest institutions of its kind in the United States. In 1963, Dr. Sullivan was cited by Life magazine as one of the 100 outstanding young adults in the United States.

Mr. Chairman, I would like to ask permission at this time to submit for the record a biographical sketch, résumé, of Dr. Sullivan. It is fairly complete, but it is so impressive that I think it should be made a part of the record at this point.

Mr. DANIELS. Without objection, we will incorporate that sketch as part of the record.

(The biographical sketch follows:)

BIOGRAPHICAL DATA—REV. LEON HOWARD SULLIVAN, A.B., M.A., D.D., L.H.D., D. SOC. SC., LL.D., ED. D.

Born: October 16, 1922, Charleston, West Virginia.

Address: 6825 Milton Street, Philadelphia, Pa. 19119.

Title: Pastor, Zion Baptist Church, 1401 West Venango Street, Philadelphia, Pa. 19140.

Education:
- West Virginia State College.
- Union Theological Seminary, New York City.
- Columbia University, New York City.

Degrees:
- Bachelor of Arts—West Virginia State College.
- Master of Arts (Religion)—Columbia University.
- Doctor of Divinity—Virginia Union University; Dartmouth College.
- Doctor of Humanities—West Virginia State College.
- Doctor of Human Letters—Delaware State College.
- Doctor of Social Sciences—Villanova University.
- Doctor of Laws—Beaver College; Swarthmore College; Bowdoin College; Gannon College; Temple University; Denison University.

Doctor of Divinity—Princeton University.
Doctor of Education—Judson College.
Doctor of Humanities—Lincoln University.

Awards:

- 1955—One of the Ten Outstanding Young Men in America; Outstanding Young Man of Philadelphia.
- 1956—City of Philadelphia—Good Citizenship Award; Afro American Achievement Award.
- 1957—Silver Beaver Award by the Boy Scouts of America.
- 1958—Outstanding Alumnus Award by West Virginia State College.
- 1960—Freedom Foundation Award.
- 1963—Russwurm Award (Awarded annually to ten outstanding Negroes of the Year) by the National Publishers Association.
- 1964—Philadelphia Fellowship Commission Award.
- 1966—Philadelphia Bok Award (Awarded annually to outstanding Philadelphia Citizen).
- 1967—William Penn Award, International Employment Services Award.
- 1968—Edwin T. Dahlberg Peace Award.
- 1969—Freedom Foundation American Exemplar Medal.

In 1963 Reverend Sullivan was cited by Life Magazine as one of the 100 Outstanding Young Adults in the United States.

Since his coming to Philadelphia in 1950, the membership of the Zion Baptist Church has grown from 600 to 5,000. The activities of the Church include a Day Care Center, Federal Credit Union, Community Center Program for Youth and Adult Activities, Employment Agency, Adult Education Reading Classes, Numerous Athletic Teams, Choral Groups and Family Counseling Service.

In 1960 he founded the Zion Home for the Retired, one of the finest institutions for the care of the aged in Pennsylvania. Reverend Sullivan founded the Zion Investment Associates, coming out of the membership of Zion Baptist Church and Zion Investment Associates has completed development of a Million Dollar Garden Apartment Complex, the first of its kind in the east, and has built a $1.7 Million Dollar Shopping Center (Progress Plaza), the largest shopping center built, owned and operated by colored people in America.

He has recently founded Progress Aerospace Enterprises, Inc., a large industrial development to involve African Americans in the Aerospace Industry, and Progress Garment Manufacturing Company. In this program Reverend Sullivan has designed it in such a way that profits will accrue, not only back to investors, but a majority of the profits will flow back into the community to assist in educational and scholarship benefits. The Progress Aerospace Enterprises (PAE) is perhaps the first sizeable aerospace community, self-help enterprise owned and administered by colored people in the country.

Reverend Sullivan is married to the former Miss Grace Banks; they have three children: Son, Howard; Daughters, Julie and Hope.

Senator BOGGS. May I also ask permission to submit for the record a copy of a statement in support of the OIC and the general purpose of the legislation which the committee is now considering?

Mr. DANIELS. Without objection, it will be incorporated in the record.

(The statement follows:)

STATEMENT OF HON. J. CALEB BOGGS, A U.S. SENATOR FROM THE STATE OF DELAWARE

Thank you very much for inviting me to appear here today to testify on behalf of what I believe is very important legislation. The proposed Manpower Bill, H.R. 13742, introduced by the distinguished Congressman from Ohio (Mr. Ayres), I understand is similar to legislation before the Senate, S. 2838.

It has been my distinct honor to introduce in the Senate on behalf of myself and six other Senators an amendment to S. 2838 that would establish a new category of programs to be eligible for funds under Title I.

If you will be kind enough, Mr. Chairman, and Gentlemen, I would very much like to explain to you briefly why I introduced my amendment and the important job that it will accomplish.

Specifically, the language of my amendment is designed to insure that the Federal Government can and will provide financial support to the Opportunities Industrialization Centers.

The OIC concept was developed six years ago by the Reverend Dr. Leon Sullivan, a minister in Philadelphia. From this idea and money raised by Dr. Sullivan's congregation, the OIC concept of self-help job training has been expanded to some 90 cities across the nation. Only one-third of the OICs receive financial support from the Federal Government. Yet each provides an important adjunct to Federal manpower programs, an important blending of local needs with national goals.

Earlier this year, I introduced in the Senate, S. 1362, a bill that would enable the Federal Government to offer more adequate financial support to the OIC program. Since that time, of course, the proposed Manpower Training Act has been introduced. My amendment was offered in an attempt to coordinate the Government's programs for training the unemployed and the underemployed. It is my belief that the approach of the bill under your consideration, H.R. 13742, has merit: Too many of these programs are widely scattered among various agencies, fragmenting the effort and undermining the goal.

While I personally believe it is important to formally recognize the OIC program through legislation, I believe we should not neglect this opportunity to use the Manpower Training Act to assist the OIC programs and thus strengthen the Federal Government's program in manpower training. As this important Manpower Training proposal is discussed by the Congress, I believe we should consider the OIC proposal in conjunction.

Therefore, I offered the amendment. I must also add that the OIC approach meshes well with the intent of the Manpower Training Act. Both seek to invest increased authority and responsibility for program development in the States and cities.

You will notice that the amendment does not offer any reference to the title of the Opportunities Industrialization Centers. Part of the approach of H.R. 13742 is to free the existing Manpower Training Programs from the naming game.

While I believe it may still prove helpful to legislate Federal participation in the OICs by name at some later date, every approach should be considered to insure that this important community program is given our full support.

And as I mentioned, Mr. Chairman, this OIC concept is the brainchild of the Reverend Leon Sullivan, pastor of the Zion Baptist Church in Philadelphia. Dr. Sullivan has a distinguished career in Philadelphia and the Nation. Since his coming to Philadelphia two decades ago the membership in his church has grown nearly ten fold and the church has become increasingly involved in important activities of the community. A decade ago he founded the Zion Home for the Retired, one of the finest institutions for the care of the aged in Philadelphia. In 1963 Dr. Sullivan was cited by Life magazine as one of the outstanding young adults of the United States.

Mr. Chairman, it gives me great honor to introduce and present a fine American leader, Dr. Sullivan.

STATEMENT IN SUPPORT OF AMENDMENT 440 TO S. 2838

The thrust of the proposed Manpower Act is its stress on the preparation of individuals for employment. It, therefore, seems appropriate to me that we should provide funds through this Act for one of the most successful job training programs in the country.

I refer to the Opportunities Industrialization Centers, Inc. The OIC was founded in 1963 by the Reverend Dr. Leon Sullivan. He established his first center in Philadelphia to train and motivate the unemployed and underemployed persons of this area. The object was to assist them to obtain and keep a job, or to better their salary.

As of today's date, OICs exist in 90 cities across America; and Doctor Sullivan announced just last month (January) that a branch would soon be opened in the Dominican Republic.

As an example of the success of the OIC approach, let me mention a few facts about the center in Omaha, Nebraska. The Omaha OIC has a board composed of businessmen, educators, ministers, chemists, and trainees in the program. The

Omaha OIC has a feeder program, which provides pre-vocational training in reading, writing, budgeting and crediting, how to find a job, motivation and basic social relations and habits. A personal counselor is available to each trainee throughout this period.

Vocational training prepares the young man or woman for typing, shorthand, clerical skills, welding, metal work, machine operations, and many more useful positions.

Of those who finished vocational training in Omaha in 1968, 95 percent were immediately placed on jobs. Gentlemen, this is success.

Omaha's largest corporations and several trade unions helped in funding, planning, training, and placement. The Omaha OIC cooperated with the YMCA to establish a pre-school for children of trainees.

Omaha is one success; Philadelphia is another. Doctor Sullivan estimates that OIC has saved the State of Pennsylvania two million dollars in welfare payments, and provided twenty million dollars worth of new purchasing power in Philadelphia since 1963. In the 1964–66 period, the Philadelphia OIC placed three thousand, one hundred and sixty-seven persons into jobs. Almost all of these men and women are still working.

An OIC institute, funded in part by the Department of Labor and OEO, has been created in Philadelphia in an effort to advise other cities on how to set up OICs.

The cost per trainee of the OIC program is lower than almost any federal and state job training programs. Private industry has cooperated because the OICs stress self-help, and try to instill a sense of self-worth in the trainee. Reports from industry on the quality of those trainees who have been placed have been commendable.

OIC programs in some 25 cities now receive some funds from the Office of Economic Opportunity, the Departments of Labor and Health, Education, and Welfare, and previous manpower acts. But the OIC reports stress the need to improve staff salaries, to augment facilities, to finance more follow-up work, and to improve counseling and staff preparation. This is how federal funds can help this most worthwhile program.

Six other Senators and myself have offered an amendment to the Manpower Training Act of 1969 (S. 2838) which would provide for direct funding of Opportunities Industrialization Centers. Co-sponsors of the amendment are Senator Birch Bayh of Indiana, Senator Henry Bellmon of Oklahoma, Senator Edward M. Kennedy of Massachusetts, Senator Edmund S. Muskie of Maine, Senator Richard S. Schweiker of Pennsylvania, and Senator Hugh Scott of Pennsylvania.

Others today will talk of the values and needs of the OIC. Let me simply say that it is clear that the OICs have provided work and a new life for thousands of individuals, many of whom have given up on themselves. It can truly be said that this program has started admirably toward Reverend Sullivan's stated goal: "To turn the cries in our streets from 'burn baby burn' to 'build brother build' ". Let us participate in the further advancement and fruition of that noble and necessary hope.

If I may, Mr. Chairman, I would like to introduce Dr. Sullivan for his remarks.

Senator Boggs. Mr. Chairman, it has been my personal privilege to visit the OIC in Philadelphia, to spend a day with Dr. Sullivan. He is a wonderful host but in addition to that, he keeps you moving every minute, to look at every facet of the OIC program, from the beginning, when a person is taken into the program, through the various classes, and even in the end. Before I could leave that day, I went to a service station operated by trainees, people who had been through the OIC, and I filled up my car with gas and saw the actual working of the program and the result that we are all looking for. I think his effort has been one of the greatest in the United States. It is in about 90 cities now. I think, knowing Dr. Sullivan personally, that he is one of the greatest men of our time. It is an honor to be here to join Congressman Nix in presenting the Reverend Dr. Leon Sullivan to this committee.

Mr. Daniels. Dr. Sullivan, you should feel proud after hearing the remarks of Senator Boggs and Congressman Nix, two distinguished members of the U.S. Congress. You are also going to be questioned by members of the committee, and I am sure we will not only be pleased to hear your testimony, but we have a lot to learn from you.

Senator Boggs. Thank you, Mr. Chairman.

STATEMENTS OF REV. LEON SULLIVAN, FOUNDER OF THE OPPORTUNITIES INDUSTRIALIZATION CENTER, PHILADELPHIA, PA.; AND REV. L. V. BOOTH, CHAIRMAN OF THE BOARD, OPPORTUNITIES INDUSTRIALIZATION CENTER, CINCINNATI, OHIO

Mr. Daniels. I see you have a gentleman to your right. Before you proceed with your presentation, would you be kind enough to introduce him?

Dr. Sullivan. He is the Rev. L. V. Booth. He is a member of the board of the national OIC, and is the vice president, regional vice president, of the regional area OIC of America.

Mr. Daniels. Thank you; you may proceed, Dr. Sullivan.

Dr. Sullivan. I would like to thank you, first, Mr. Chairman, for the opportunity to make this presentation, and I would like to indicate that the ladies and gentlemen who are seated behind me are students and participants in a part of the OIC program in Washington, D.C.

These ladies and gentlemen were given manuals 10 days ago on how laws are made as an educational process, and as part of our training process. I am very pleased that they are here, because here they are getting tangible, real evidence of the process of lawmaking in our country.

I think it is the first time that many of these ladies and gentlemen have ever had the experience of being in this kind of setting. In any case, it is the type of thing that we think important for the total development of an individual, particularly with respect to the appreciation of the values of this country and how it has developed.

Mr. Daniels. I concur with you in your thought on that subject matter. It is indeed appalling to find how many people in our culture have no idea how our laws are made. This is a fine elementary level in civics, and I trust they will enjoy this morning. I am sure they will.

Dr. Sullivan. I am sure they will.

I would like to make this statement, after which I should like, Mr. Chairman, to present a film as a part of the testimony.

New and restructured efforts toward training efforts toward training the unemployed and the underemployed in America must be taken in the immediate future, or the entire country will be covered by a sea of welfarism and a gulf of hopelessness.

It is generally known that scores of millions of our citizens are prepared to perform only the most menial kinds of jobs; and that whereas often jobs are plentiful and available, requiring some minimal technical skill, still the jobs go unfilled even though the manpower supply is great, because there are not enough people amply trained to fill the jobs. This is particularly true among America's minorities of color, and the white southern and Appalachian poor.

By the year 2000, the American population will have grown to really 300 million. By that time, due to technological developments, one-half the jobs being performed today will not even exist. This means that if meaningful manpower and retraining efforts are not successfully instituted and developed on a broad nationwide scale, by the year 2000, tens of million of the American population, white and black, will have to be subsidized to some degree by some form of welfare or income assistance, even if they are willing and able to work.

Especially, there is a need for successful massive training and retraining programs in the concentrated communities and rural areas where minority citizens of color are so numerous. In these areas, in addition to skill training, there is need for attitudinal and self-motivational training to assist men and women to qualify on a realistic and sustaining basis for employment opportunity in "non-dead-end jobs," and to also help them become a greater beneficiary, overall, within the national economy.

For the needs of the poor and the unemployed and the underemployed are not only job related, but involve the training of attitudes and basic remedial communication and computational skills.

It is encouraging that the House of Representatives is taking a hard new look at manpower legislation to see that new goals should be set and that methods utilized to fill some of the realistic needs of the unemployed and underemployed of America.

Up to now, as far as the black community particularly is concerned, Federal manpower programs have failed utterly in reaching the real manpower and basic training needs of the masses. The effect has been tantamount to "a camel passing through the eye of a needle."

The benefits of traditional manpower programs in the black, brown, and red minority communities in particular, have been so ineffective as to be insignificant.

Mechanisms have to be provided that will run the gamut of manpower delivery service to the employment market. These mechanisms will have to include recruitment, prevocational, and attitudinal training, technical and skill education, job development, referral, and essential followup once a person is on the job. It is essential, also, that the participation of the community be taken into account. Because, unless the people in the communities are involved in the manpower delivery and training services, any government or privately sponsored effort, is doomed to failure.

The vast majority of the population in the concentrated community has lost faith in traditional manpower programs and services and is looking for other forms of programs and projects designed to adequately meet their needs.

In this respect I can see value in the Comprehensive Manpower Acts, H.R. 10908, 11628, and 13472, especially in those areas where major emphasis is placed on a program's ability, public or private, to provide comprehensive employment services and job opportunities for low-income persons who are unemployed or underemployed. Such services hopefully, too, must include recruitment, counseling, remediation, vocational training, job development, job placement, and other appropriate services; and be such a program in which residents of the area to be served shall fully participate in the creation of, the operation of, and the development of the center; and where the business community in the area to be served is considered in its services and operation.

One program that fits these needed and essential requirements, that was begun 6 years ago in Philadelphia, and that has since spread into communities large and small across the United States, is the Opportunities Industrialization Center (OIC). This is a program which fits into the true American tradition of the people finding a solution to their own problems.

The Opportunities Industrialization Center program was founded in an old abandoned jailhouse in the city of Philadelphia in 1964, to provide attitudinal development and skill training (for available jobs), and placement and followup assistance, for the unskilled, unemployed, and underemployed in the concentrated communities and rural areas of America.

The OIC has been phenomenally successful and makes taxpayers out of tax consumers. The program has developed a national reputation, particularly among industrial leaders, for its success in the development of manpower to meet the needs of industry and business.

The Philadelphia OIC prototype, since its beginning in 1964 through 1969, has trained and placed on jobs 10,000 men and women with new useful skills—the actual number is 9,400—one-third of whom had been on relief rolls and 95 percent of whom were classified in poverty categories. In Philadelphia alone, there are some 5,000 additional persons at this time on a waiting list.

Emulating the Philadelphia prototype, 51 operational and 38 partially operatable OIC's were reported at the end of 1969, making a total of 90 OIC's throughout the Nation in process of development. Among these 90, Philadelphia, Washington, Brooklyn, New York, Boston, Oklahoma City, and Seattle OIC's have the characteristics of having the best recruitment, job placement, retention, and performance records perhaps of any training programs in the country.

In spite of the lack of adequate resources, the OIC's generally in America, comprise the best training programs, in my opinion, overall in the Nation, with an average national cost of approximately $1,000 per person. This amounts to less than one-third the cost per individual in other federally sponsored training programs.

Up to December of 1969, more than 40,000 trainees have been helped in OIC's across the country, with 25,000 having been placed into training related jobs; and with additional thousands having received job placements and help directly from the OIC feeder program, which provides self-help motivational assistance to all OIC trainees.

Since 1964, the Opportunities Industrialization Centers have displayed a marked capability to provide the kind of training necessary to reduce the incidence of unemployment, and place significant numbers of disadvantaged workers on the road to economic security. OIC's, also, by their very existence in cities, have inspired new hope among the deprived masses in these communities where people have found in OIC a "training program that really cares about their needs."

Although the large majority of IOC trainees are African Americans, the OIC serves all Americans regardless of race or color. In San Jose, Calif., 80 percent of the trainees are Mexican-Americans. In Oklahoma City, large numbers are American Indians. In Seattle, there are Eskimos. In Roanoke, 60 percent of the trainees are whites. They take on the needs of the community.

One of the most unique and significant characteristics of the OIC program is that it relates to, and is totally involved with the community. OIC's are initiated, regulated, administered, and developed by community leadership; and recruiting is done in the concentrated community by community recruiters, on the sidewalks, in the poolrooms, and all places where the unemployed hang out. Industry is involved in every process of OIC's local development.

Recruitments are then placed in a prevocational or feeder program where they are taught hygiene, poise, speech, self-pride, American heritage appreciation, and adaption to the world of work.

Trainees are then fed into IOC skill centers concommitant with attitudinal development continuing, which are established with the assistance of industry, where students receive a skill for jobs that are known to be available.

A subsidiary of OIC, the adult armchair education program, preassists by going into the community and into the homes of the indigenous where work is done to help people with the three R's, American heritage appreciation, and other self-help personal and community development skills.

Of the 90 OIC's under development as of December 1969, only 30 of the operating OIC's were receiving comprehensive Federal funding, the remaining 60 OIC's for the most part are totally dependent upon private sources of support.

This has been true, Mr. Chairman, in spite of the fact that millions and millions of dollars have been spent in manpower programs in our communities that have only dripped down in their value to our people, and the program that people point to in literally every community where an OIC is established, is still a program which gets the proverbial run-around, as far as support given to it is concerned in the name of duplication of services. I have often said if we are duplicating services, I don't know where they are, because nothing is being done for us in the communities.

If OIC could do what it has done in just a few years, with piecemeal, fragmented, and uncertain funds, borrowing from Peter to pay Paul, Mr. Chairman, you would be surprised how I have to borrow from one fund to the other just to keep the program going, and at the same time developing our capabilities and management skills as we go along, imagine what OIC could do for America if we were given ample funds to do the job it is clear we are able to do. I believe we deserve to have all America help us to help ourselves.

The immediate future projection of OIC is to train 100,000 persons per year into useful jobs with upgrading possibilities. If OIC is provided the resources to train 100,000 persons for jobs, it would mean a gain of $66 million annually to the Government in the form of welfare payment savings; and $40 million in additional tax revenue; also, $200 million annually in additional income. All of which would represent a broadening base of purchasing power for the Nation.

At the average cost of $1,000 per trainee, at this time, the investment would be returned $3 to $1 at the end of the first year.

I have a distant dream of what the OIC program might be like 10 years hence—1980—if they are properly funded. I believe that if the Federal, State, and local governments, foundations, and private enterprises were to invest some $300 million a year in the OIC program in American cities throughout the country over the next decade, that over 2 million men and women could be trained for skill productive jobs that would add, according to the value of a dollar as of that time, more than $30 billion in new incomes to the national economy, plus untold savings in relief and welfare checks.

This would mean a 1,000-percent dividend in 10 years for each dollar invested in the OIC across the United States of America. When I indicated the breadth of it, Mr. Chairman, I am indicating not only in the urban centers, but in the rural areas, where OIC agricultural type programs can be developed, because if we cleared up poverty completely in every large city of America today, in 5 years you would have the problem all over again, because people would come in masses from the countryside, and from the hills and the dales, and until we do something also in the rural areas, the nonurban areas, to help people there, to magnetize them with opportunity where they are, and often to magnetize people back from the streets of the big cities to small communities where they came from, where they would like to go back if they could, but there is nothing back there for them to go back to, it would stabilize, to a large measure, a great deal of the migratory situation in America. I repeat, if we cleared poverty up in every American city today totally, in the large American city only, in 5 years you would have the problem all over again.

Through the medium of the OIC's, the Nation can turn the corner away from a rising "welfare" state for the disadvantaged, to a new "Workfare" state of self-help for all who are able to work and do a job.

In the event of possible recessions, the OIC's would provide an essential "holding action" for the retraining and redirection of individuals into public and private type job markets, and be a prime factor in the concentrated communities toward working helpfully and positively with the people in a time of national economic stress. Further, in such situations, OIC's would aid in the development of para-professionals for community services, day care work and other forms of educational programs that would be so vitally necessary for neighborhood rehabilitation projects.

Interestingly, the OIC program has made such an impact that the news of its work has spread around the world. To the effect that OIC programs are now in process of development in Nigeria, Ghana, and the Dominican Republic, and inquiries about the establishment of OIC's are being received from all over the world, not because I wanted to go there, because we have a great deal to do here at home, but because our brothers have asked that the OIC program come there.

It is my hope, therefore, that support for the Opportunities Industrialization Center type programs be specifically encouched, without necessarily naming it, in new manpower legislation in order for the program to adequately and qualitatively do the job that it has already demonstrated it is capable of doing.

It is my hope that the expertise and services of the OIC national program, which provide technical and educational assistance to OIC developmental efforts, be utilized more broadly to serve non-OIC programs, should they desire that service, in order that the OIC techniques developed might be made more broadly available.

I can see how OIC type programs might be utilized in communities large and small where there is a need for skilled manpower training and development in those particular communities.

The program is organized in such a way that it can develop linkage with any institution, or group, public or private, operating anywhere, in order for the job to be done to "help people to help themselves."

In this respect I honestly feel that the bill should mandate a more positive participation of the Office of Education and HEW, at both the national (Washington) and regional levels, both operationally and from the standpoint of committed and active leadership. I believe that this is essential if we are to make any kind of in-depth, root attack on the problem of black Americans and other minority groups.

For some time I have felt we are oversimplifying the dilemma of getting people into jobs. While I, of all people, certainly wouldn't want to underestimate the importance of the job for it is the priority in our value system, we have got to consider, also, the present and long-range goals of minority group Americans in a broader context. HEW, especially the Office of Education with its link to the education community, is somewhat peculiarly suited, programwise and philosophically, to work with the total human being and all of the myriad of conditions of mind and body resulting from years of deprivation and second-class citizenship.

Those who understand the concept of OIC know that we are more than just a job training program. In OIC we are concerned with the whole human spirit. In our centers our aims and objectives we talk about "the whole man concept." That is why in Baltimore and other locations, reports show that there is less turnover of OIC graduates than with employees from other sources.

Another reason I am hopeful that this manpower bill will mandate more positive HEW and Office of Education involvement is that our OIC's are just beginning to link up with the regular school systems across the country. The Office of Education is presently accelerating its efforts to have OIC's funded through State education agencies while not destroying the distinct and basic characteristics of OIC as totally a community based program. For these characteristics must never be sacrificed for the value they can serve.

While I am convinced that the remedial work we are doing with disadvantaged school dropouts is of great importance, as a realist I recognize that the really important goal for OIC's and similar training groups is to influence change in the regular school systems and other constitutional units of Government, such as the Employment Service, and such as the Vocational Education Structure.

Considering the funds from the property tax base and nondiscretional Federal funds available to the regular school systems, we have got to work with them to achieve meaningful changes if we hope to enhance the quality of life for the 20 or 25 million black Americans and for 10 million Spanish-speaking Americans, and our many, many American Indians.

I feel certain that it would be in the best interest of the people to be served, the taxpayers, and the Government if this bill provided for stronger Office of Education/HEW leadership with the Department of Labor, and a more natural link to the country's education community.

Through our advisory committees we have cultivated excellent contacts with the business community across the country. Hopefully, some of these contacts could also be used to build bridges linking the disadvantaged with the business community and with the State education agencies and other elements of the community.

I repeat, as of now, of the 90 or more OIC projects and programs under development in the United States, only a third of them receive Federal funds and even the flow of these funds for those federally supplemented programs is extremely poor. It is always to be remembered, OIC was initiated with the people's money, and even in these contexts, people initiated them first with their own funds.

It is my hope that specific consideration be given to broadening support to programs such as OIC through the appropriate Federal agencies, into as many communities as possible, in order that a spirit of hope might come to the tens of millions of people shut out from the benefits of the free enterprise system due to lack of motivation, attitude, and adequate skill training, and other kinds of educational aids so crucially needed at this time.

Mr. Chairman, at this time, I should like, if I can, to show you a film of OIC for just a few minutes.

Mr. Daniels. I would like to extend a cordial welcome to your trainees, and I hope today they will learn something of real value to them, of Government in action, and I want to thank you for having brought them down so that they can see their Government in action.

Dr. Sullivan. May I say, Mr. Chairman, these students are from the Washington OIC. If we had brought all OIC students, they would have filled an area a mile square.

All of you from OIC raise your hands.

(Show of hands.)

This is just a small number.

Mr. Daniels. I recognize my colleague from California, Mr. Hawkins.

Mr. Hawkins. I would be remiss, Mr. Chairman, and I didn't do it before because I didn't want to take time from Dr. Sullivan's presentation, but I would like to say that I have enjoyed Dr. Sullivan's friendship. I did visit the OIC in Philadelphia, and the same as Senator Boggs, I suppose I should give testimony this morning in behalf of Dr. Sullivan's courtesy and the refreshment I received from that visit. I think it was the most heartwarming operation that I have ever seen, and I think that Dr. Sullivan's presentation this morning is but a small evidence. I think that he could spend days telling us about that operation. I am very pleased with the operation, and I have discussed with him the possibility of developing the same type in Los Angeles.

Dr. Sullivan, I am going to be after you until we get the same development in Los Angeles as you have in Philadelphia.

Dr. Sullivan. Thank you very much.

Mr. Daniels. After I learn a little bit more about it, I would like it in Jersey City, N.J.

Dr. Sullivan. That would be good. And not to mention Newark.

Mr. Daniels. It could produce a great deal of help, I can assure you.

Dr. Sullivan. Thank you, sir.

Mr. Daniels. Will somebody take care of the lights?

(Whereupon, a film was shown on OIC.)

Mr. Daniels. That was a very fine presentation, Doctor.

Mr. Booth, you may proceed.

Mr. Booth. Thank you, Mr. Chairman. I hope you will bear with me. I am 1 week out of the hospital, and really an escapee from my physicians, but the cause was too important to neglect, and I am here this morning to present a statement. I am here from the Cincinnati OIC, not one of the most outstanding OIC's of the country in the sense of achievement, but I think one of the most outstanding from the standpoint of what it has endured.

OIC came into a sea of manpower programs, uninvited, unwanted, and to the minds of some, would not survive, but it has survived.

So, let me make a statement, and then close out with a few thoughts that came to me since I came here.

Mr. Chairman, I appreciate the opportunity to appear before the committee and speak in behalf of the Cincinnati OIC.

The Cincinnati Opportunities Industrialization Center was established in July 1967. The driving force behind its development came from the Interdenominational Ministerial Alliance, particularly from Father Hicks of St. Andrews Episcopal Church and the Rev. L. Venchael Booth of Zion Baptist Church.

Members of this alliance were particularly concerned about the growing patterns of racial tension in Cincinnati beginning in 1965. This tension had been expressed chiefly through some rent strikes and demonstrations accompanied by frustrating negotiations with the board of education, and sit-ins on some building sites in an effort to demonstrate the discriminatory practies of the labor unions which had met with little, if any, success. Tensions and frustrations were mounting. Individually directed incidents of violence had occurred. In 1967, the estimated rate of unemployment, according to the Kerner Report, was seven out of every eight Negroes.

In an effort to make a positive response to the existing conditions, the Interdenominational Ministerial Alliance sent representatives of its body to investigate, with Rev. Leon Sullivan, the possibilities of establishing an OIC in Cincinnati.

Upon returning from Philadelphia, they recommended that the community move ahead with plans for developing a center. In cooperation with local industrial representatives, representatives of the various manpower development agencies in the city and the representatives of the local clergy and Negro community, OIC began its operation in July 1967.

Our program is designed to serve the greater metropolitan area, whose population is approximately one and a half million. Within the city limits there a half a million people, of these, 135,000 of Negro. This percentage has grown from 16 in 1950 to 22 in 1960 and in 1965 an estimated 24 percent live within the city limits.

Cincinnati also has one of the largest southern Appalachian white populations of any city in the country. Similar economic conditions, as exist in the Negro community, are prevalent among this portion of our population.

Contrary to most cities, the concentration of poverty is not in the central city area alone, rather, it is isolated in nine geographically defined areas which are often surrounded by wealthy and middle-class neighborhoods or large industrial complexes.

The city is a manufacturing center whose industrial strength is increasing.

> As the leading trucking center and producer of such diverse products such as machine tools, soap, chemicals, playing cards, sporting goods, shoes, automobile parts, jet engines, electronic equipment, cans, beer, elevators, and numerous other goods and services, there is a continual need for skilled technicians and service persons. But due to the very limited vocational adult basic education programs in the greater Cincinnati area, the demand for skilled workers goes unfulfilled.

Cincinnati OIC's program is designed to fill the gap between supply and demand in our labor market. Approximately 30 percent of our population falls into the groupings of hard-core unemployed or underemployed. Some of the characteristic problems of these groupings can be generalized.

First of all, the person who falls into one of these economic classifications is poorly prepared to cope with the educational requirements of our society; additionally, he lacks the motivation and attitudes necessary to compete for positions in the skilled trades.

There is also a serious deficiency in training. Many persons lack the necessary vocational guidance to gain employment in skilled jobs and industrial positions at the entry level. As some jobs require the successful completion of examinations for entrance, there is a clear need for training of persons so that they can pass these examinations. Finally, many persons have been automated out of jobs or need refresher courses in particular areas so that they can reenter the job market.

Our task is to prepare persons to enter the labor market. This means that we must address ourselves to the characteristic problems of the hard-core unemployed and the underemployed. Thus, not only do we train persons for a particular skill, but we also try to foster a sense of self-pride and self-determination in the trainee. Through a supportive atmosphere the trainee grows in self-confidence as well as becomes a competent craftsman or technician.

Upon the recommendation of his instructors and his counselor, the trainee enters his skills training program. Often the skills training and feeder programs occur simultaneously. The trainee may enter any one of our skills programs or one offered by any other MDTA and manpower training efforts in Cincinnati.

Before entering his skills programs, each person is thoroughly briefed about the various possibilities available to him in all of the programs, about the qualifications required of him by the employer, and about the kind of job situations in which he is likely to be working.

We offer in Cincinnati the following vocational courses: keypunch, secretarial science, slipcover and drapery making, upholstery, auto mechanics, machine tool operation, broadcast technician, data processing.

Job placement and followup: OIC employs a staff of job development specialists to promote the placement of our trained applicants at the highest possible skill level. Essential to the performance of this department is the compiling of information about the current labor needs, employment opportunities, technological changes, job requirements, and other new developments on the industrial scene. This information is shared with every department as it is basic to our program design and planning, as well as the counseling and the recruitment of trainees.

OIC alumni: When the trainee begins his employment, OIC does not forget him. For 1 year, longer if necessary, we continue to work with the graduate while he is on the job. This is an essential ingredient in the total growth and socialization of the individual.

An OIC alumni club has been established to provide continued contact with the graduates. Support through group sharing is provided as they discuss on the job experiences. The followup process enables the OIC staff to evaluate its program and make the necessary adjustments to meet the needs of the people we serve, the local community, and the industrial demands. During the past year, 1969, we placed 297 persons on permanent jobs; total placements since beginning of program is 694 in full-time employment.

Operation Pride: In the fall and winter of 1968, Cincinnati OIC began working with the Cincinnati workhouse and other community agencies in the development of Operation Pride. The proposed program was to design a technique for the cure of the recidivism rate of inmates at the workhouse. This program of rehabilitation includes education, skills training, and postrelease employment with followup.

Central to the educational process is attitudinal change and motivation. However, academic subjects are stressed just as they are in our regular feeder courses. In most cases, the individual will start his skills training in the workhouse and then complete it at OIC. Some of the skills training programs planned for the workhouse are upholstery, office machine repair, preventive auto mechanics, secretarial science, electronic assembly, power sewing, basic bookkeeping, home nursing, and IBM keypunch.

Mr. Chairman and ladies and gentlemen, just before I left, my last instructions were to think of those 87 persons who have been cut off from street cleaning and other such jobs, and there will be 150 in some other areas, and other cuts in our city because of budgetary problems. I have said to our OIC: Let us make contact with these persons immediately and put them into some kind of procedural training that they might not lose hope and become a burden to our city. We are alert to ever-growing opportunities to help people to help themselves. We have these statistics here, not to impress you, but to show you that here is an OIC that has had tremendous difficulties in various ways but has made the following record in the last 2 full years of funding.

Statistics: (1) Total enrolled in prevocational training to date, 3,334; (2) total completing prevocational training to date, 859; (3) prevocational training completion rate, 26 percent; (4) total enrolled in vocational training to date, 1,063; and (5) total number placed on jobs since beginning operations, 694.

As a result of OIC training, a substantial number of underemployed persons were upgraded on their jobs. For an example, of 20 city waste collection employees in our program, 18 have been upgraded. A substantial number of persons coming into our program were motivated to the extent that they were able to secure employment on their own.

I would like to say this in closing: I believe, and I wish you knew me better, because you would understand the vantage point from which I speak, when the so-called revolution broke in Cincinnati, I was as much asleep as Rip Van Winkle. But I can say to you today, I am partly awake, and it is so much better to see scores of young men and women with hope than to see the young women and men that I met in the early days of the so-called revolution.

I would like to say this on behalf of our good friend, Dr. Sullivan, whom we greatly love and admire and appreciate, and certainly wish that he might be preserved for a long, long time: OIC is an authentic self-help program, designed by blacks for blacks, with built-in ingredients with special application for blacks and other underprivileged minorities. It is uniquely designed with the American concept of self-reliance, individual initiative, self-determination, development and creativity, growth, freedom, progress, prosperity, you name it, a program that offers a last best hope for America to lift her most deprived citizens out of ignorance, poverty, and despair to knowledge and hope.

This process comes closest to the heart of America's need to help her needy citizens to help themselves. This program is a product of the church, for a defenseless section of society that can become a great asset in the next decade, or become a total ruin to America. This program is as real as the people present here.

Mr. Chairman, I thank you for this opportunity, as I believe that with your sensitivity and your minds at work, America is safe.

Thank you.

Mr. DANIELS. Dr. Sullivan?

Dr. SULLIVAN. Just to conclude this before questions, I would like to hear from two students here. The names were given me.

Mrs. Doris Bryant. Doris, would you come up?

Mr. DANIELS. Doctor, just a word of caution. In order to afford the members of the committee an opportunity to ask questions, the presentation of these students will necessarily have to be brief.

Dr. SULLIVAN. Yes.

And David Harling.

Mrs. BRYANT. Mr. Chairman, members of the committee, my name is Doris Bryant, and I am a member of the OIC, located in Washington, D.C. I am a student in the class of merchandising and sales.

I would like to let you and others know what OIC means to me.

Recognition at OIC is that each individual merits work and a sense of dignity, a better understanding of a program for the black individual.

The dropout has not been accepted in the world of work. Building of self-confidence of the individual which makes him enthusiastic and a part of the group spirit is important. OIC develops a feeling of responsibility toward a job, or a better job. It develops a desire for self-improvement through skills and improvement of one's attitude. It develops a new lease on life when the individual feels a chance to get ahead.

I would like to stress that OIC doesn't screen an individual out of a program. Rather, they attempt to meet the needs of an individual by educating him from where he is presently.

Thank you.

Mr. DANIELS. Prior to your enrollment in OIC, were you a school dropout?

Mrs. BRYANT. Yes.

Mr. DANIELS. How much education did you receive?

Mrs. BRYANT. I completed the 10th grade.

Mr. DANIELS. Are you employed or unemployed?

Mrs. BRYANT. I am employed.

Mr. DANIELS. How old are you?

Mrs. BRYANT. Twenty.

Mr. DANIELS. As a result of your employment in OIC, what kind of a course did you pursue there?

Mrs. BRYANT. Merchandising and sales.

Mr. DANIELS. How long did you enroll in that course before you went out in the employment world?

Mrs. BRYANT. I haven't as yet finished my training.

Mr. DANIELS. How long a duration is this training program?

Mrs. BRYANT. Four months.

Mr. DANIELS. How many have you completed of it?

Mrs. BRYANT. Two months.

Mr. DANIELS. You are halfway through?

Mrs. BRYANT. Yes.

Mr. DANIELS. Do you plan to continue?

Mrs. BRYANT. Yes.

Mr. DANIELS. You are not going to drop out?

Mrs. BRYANT. No.

Mr. HARLING. I am a student in OIC in the District of Columbia, and I enrolled in an operating program. I think OIC is a lovely program, and I think if I can make it there others can.

OIC is like a second home to me, because I feel if I have any problems I can go to any one of the OIC staff members and discuss my problem. And I think they would help me in every way they know how.

When I first went to OIC, I said to myself, "OIC is like all the other programs, where you will go there and learn nothing." But I stayed with OIC. I stayed there, and I am glad I did, because I have learned a lot there, and I am still learning. And I feel a lot more needs to be learned.

Thank you.

Mr. DANIELS. Thank you, young man.

I would like to take this opportunity to compliment you, Dr. Sullivan, and also Reverend Booth, for your most interesting and informative testimony here today. I know I have learned something new here today. While I had heard of OIC, I had no idea of the type of work that you were doing, and how you involve yourselves in a community.

Your testimony here today certainly gives credence for support of this program.

Now, Dr. Sullivan, you said there were 91 OIC centers spread throughout the country, and approximately one-third are funded by assistance from the Federal Government. Is that correct?

Dr. **Sullivan.** That is right.

Mr. **Daniels.** Do you know why the other two-thirds have not been, in view of the fine work being performed by OIC, why it hasn't attained national recognition?

Dr. **Sullivan.** Mr. Chairman, that is a big question, and I am in a position that even I don't know. Our programs were created out of the community with broad support in every community. There have been a number of reasons stated why. Some have said that we were duplicating services that were already being performed in our communities, and all of us know that this isn't true. No program has come along in training and retraining that has done the broad kind of effort that OIC has done.

As a matter of fact, the feeder program, which is the first prevocational program in manpower in the country, was created out of OIC and, by the admission of the Department of Labor itself, duplicated in other Federal type programs.

There has been some thought as to whether or not the OIC program could be controllable, whether a manpower program should be massively funded when there are not Federal agencies. The realization has not been that OIC is the people itself, and that it is a new experiment in this direction.

Large sums of money have been expended in programs that are extra-OIC related, extrarelated in manpower.

It seems that, always, directions are seen to get around OIC, or to try to link OIC into something else, instead of linking something else into OIC.

Some people have thought perhaps I was trying to build a manpower empire. There are all kinds of things going on around here that even I don't understand. All I know is that when I try to seek support for OIC, someone always pops up and tells me it can't be done, or won't be done. I get a lot of encouragement, but I don't get any money.

Some have said that the idea was to choke OIC out, to get it out of the field of manpower, it doesn't belong in manpower, because what do these preachers know about manpower.

But we are not going to be choked out. We have been pushed out, run out, talked about. We have been dealt out. But we haven't been knocked out, and we are not going to be knocked out, because we are going to have these programs whether we get help for them or not. And we are going to have them, Mr. Chairman, because our survival depends on it.

Mr. **Daniels.** This is strictly a poverty-related program?

Dr. **Sullivan.** Strictly, sir.

Mr. **Daniels.** You organized this program in 1964?

Dr. **Sullivan.** Yes.

Mr. **Daniels.** During your testimony, you placed much emphasis upon community involvement. Just exactly how can you get the community involved?

Dr. **Sullivan.** First, the request for an OIC, the request must come from the community. This must be constituted of people in the community who have an identity with the aspirations of the community. Then they go to Philadelphia to see an OIC in action. They go back and develop an OIC, and we send technicians to help them at this point, to set them up.

The boards are people who live in the community. We contract through the local group the business and industry in the area, to find what jobs are available. Then we hook industry into supporting that local OIC effort by industrial advisory committees and advisory boards. Then the community itself finds a place for its program.

Many of the places are rebuilt by the hands of the trainees and by the community. Money is raised from the community itself, from blacks, or in the case of Roanoke, from the white community.

A drive is launched, and then a feeder program is initiated with volunteers to get going while we develop the capability to structure a more comprehensive program. And by that time it is on its way.

Mr. Daniels. Are all 91 programs affiliated with a church?

Dr. Sullivan. No, sir. All 91 programs have people on the boards related to churches, but some are unrelated to churches. We started as church leaders, but it is not a church program per se. OIC is an extension of my ministry, which is why I am doing it. I think God wants me to do it.

But many centers have serving them, Jew, Gentile, whatever they might be, Catholic, Protestant. But it is open to everyone. It is not a church program.

Mr. Daniels. In the course of your testimony, you said this is not just a black-oriented program, whereas Dr. Booth said this is a program for blacks.

Mr. Booth. No; there is no conflict. I did not say that it was only for blacks. I said it was designed for blacks and other underprivileged minorities in our own city. Our staff is biracial, or it is nonsectarian in terms of race.

Mr. Daniels. I must have misunderstood you.

Mr. Booth. Blacks are the most visible minority.

Mr. Daniels. I would like to get that cleared up for the record.

Mr. Booth. Yes, I would like to get it cleared up. Blacks would be predominant.

Dr. Sullivan. In Charleston, W. Va., more than half of the programs are white. And in Roanoke, more than half are white.

Mr. Daniels. In the 91 programs, how many people are enrolled?

Dr. Sullivan. About 30,000 at this time.

Mr. Daniels. How many have graduated?

Dr. Sullivan. Overall, about 25,000. You have about 9,000 or 10,000 in Philadelphia alone.

Mr. Daniels. Can you tell us what your experience has been with dropouts who originally enrolled? What percentage failed to finish?

Dr. Sullivan. Well, our program is divided into two parts; first, the feeder program, which is the prevocational program that every person must come into, and then the technical-skill program, where a person learns a skill. So the intake point is the feeder program.

We find that many people complete the feeder program, which is a prevocational program, and go directly into a job from there. What they needed was direction and motivation and some help.

Some go into the skill-training program. All in all, we have serviced about 50,000 people—really, I say, about 40,000 for the record.

Of that 40,000, 25,000 have finished a program and are now working on jobs across this county.

Of the 40,000—and it might be more—many thousands have gone from the feeder directly into jobs. The placement record, I understand, in OIC programs is approximately 80 percent. [An aide leans over and speaks to Dr. Sullivan.] He said 85 percent. He is director of the OIC institute.

I would say 80 to 85 percent. The retention rate of persons who get on a job and remain is between 80 and 90 percent. And this is rather phenomenal. After a single year, persons who stay on the job, or who are upgraded within the skill area in which they were trained, so the retention of persons on jobs unquestionably, I think, is an extraordinary phenomenon in manpower training, and the placement is very good. The placement is very good because we tie industry into the program. We know the jobs that are available in the community, industry comprises our industrial advisory committees, industry helps us buy equipment, and in the in-service training of our instructors. So they are helping us to train people for jobs that exist in industry.

It is for that reason in Philadelphia that OIC trainees are working in 800 companies in Philadelphia alone, because industry has had a part in the development of the program.

That is one reason I think the placement is so high. It is extraordinarily high, and the retention is high.

Mr. Daniels. You have been successful in putting the people to work, which is the main purpose of our manpower training programs.

What control is there over the program itself? How is that regulated and governed? You have an involvement of various people from the community, from industry, besides your local people.

Dr. Sullivan. Each program is an autonomous OIC unit itself, with its own board of directors, a nonprofit board.

Hooked to the board, like a umbilical cord, is the industrial advisory committee of that particular city. It does not tell the board what to do, because we can't have that, but gives advice and counsel in terms of employment opportunities and resources and this type of thing.

We have a national executive board of persons who are elected once a year to what we call a national assembly, which was held just a few weeks ago in Chicago, Ill. That executive board makes determinations for the overall program, recommendations for the overall program, but the autonomy of the program rests in the local community. But it is tied together by this family of OIC, which is formed in an executive board, a national board, where the selection of the person is made from the persons in the assembly.

Mr. Daniels. What do you estimate to be the cost per trainee?

Dr. Sullivan. The average cost of a trainee from the street to a job is approximately $1,000, which is about one-third the cost of an ordinary Federal program.

Mr. Daniels. One of the questions involved in our manpower training is the question of eligibility. Now, you stated that there are 5,000 persons on the waiting list.

How does OIC determine a person's eligibility?

Dr. Sullivan. We determine it on the basis of first-come, first-served, because our centers are very crowded in Philadelphia. We have

5,000 on the waiting list only in Philadelphia. I imagine there are tens of thousands across the country.

But it is a first-come, first-served basis. Some have to wait 6 months or a year—and we have some people who have been on the waiting list a year, and they have to wait for slots, because we don't have resources for a larger program to serve the people.

Also in the skills we serve, there are some skills where there are fewer slots, and therefore we fill those slots with the persons we think, and the person thinks—what we call a dual type of counseling relationship—would want to go into a specific skill area. So it is in terms of first-come, first-served, and then on the basis of what slots are open for training in a specific area.

Mr. DANIELS. How do you match trainees with jobs? You have had phenomenal success in having persons graduate from your program, and you say you have met with 80- to 90-percent success in getting them jobs, and this is an unusual degree of success. And I am very much interested in how you tie them up with the jobs.

Dr. SULLIVAN. It really starts with the feeder program. The feeder program is the prevocational program of the OIC. Let me describe the feeder program just in a couple of seconds.

We found that most of us who came to OIC only went beyond the ninth or 10th year in school. One-third of us were on public welfare. The average age was around 27 years. So many of us had forgotten some of the knowledge we had of the basics of the language, even, how, really, to put it down. So in the feeder program we first give a person a sense of literacy.

We go back and teach the basics of reading, writing, and arithmetic all over again. Even if a person finished high school, it doesn't matter. I went through the feeder program myself.

We call it communications skills, and people don't mind it too much. [Laughter.]

Then in the feeder program, we teach grooming, we teach a sense of self-pride. When we initiate the program, when we decided we wanted Afro's particularly to know something of their heritage and their past—and we put into it minority education, and we talked about Hannibal, and so forth, right down to the present day.

We taught people who were Irish Americans, and others, so that we see America has many minorities. We teach them the value of work, of punctuality, of doing a job well. And in all that time, 2 weeks to 3 months, we are matching people up to what they best can do as a job skill.

Many people come saying they want to be a secretary, and we find they would be better to be a keypunch operator, or an electronic-assembly worker. Some gentleman may come to be a plumber, and he might find himself better suited to be a lathe operator.

This is all done with the counselors and the individual, so that when the individual finishes the feeder program, he is pretty well set in what skill training he should do. Then he goes to a skill center, and while he is there we have outreaches, job-opportunity placement workers in the field, volunteers and some staffing where we have the money, to advise of jobs that are open in a myriad of companies. So when that person becomes job ready—we don't give diplomas—when that man becomes job ready to go into a job to make some money, then we feed him into that job with that company and watch him progress—6 months, 8 months, a year.

There are problems that the employer can call us back about, or we will find out from the employee himself.

OIC is Yale to OIC trainees. We have the same allegiances to it. I could ask for 10,000 OIC students to be here next month, and they would be here. They have allegiance like you have to Yale or Harvard. It is a people's university of opportunity.

So from the street to a job, that process has developed into a job which makes placement much simpler for us and retention much higher.

Mr. DANIELS. Doctor, just one further question. You have mentioned prevocational training. Do you feel that we should have prevocational training, or vocational training, in any manpower program that the Congress would authorize?

Dr. SULLIVAN. Yes. There is no question. I think that just training a man for a skill is not enough. A man can be the best-skilled workman in the world, and if his attitude isn't right, he wouldn't be of any use to the company.

Mr. DANIELS. Thank you.

Mr. Hawkins?

Mr. HAWKINS. Doctor Sullivan, I commend you on your presentation. There are several questions I would like to ask.

On page 10 of your statement, you said that it is your hope that support for the opportunities industrialization center type programs could be successful in new manpower legislation in order for the program to do the job. You have already demonstrated that it is capable of doing that.

What do you mean by that? Would you clarify that? Do you mean that it would be necessary in some way to amend the proposals that we are now considering in order to include OIC for funding, or for recognition, or just what do you mean by that?

Dr. SULLIVAN. The process of amendment would be one. For example, I know that in the Senate—an amendment is being presented from the Senate to see that OIC is, in terms of what it does, is encouched in the manpower legislation. So if an amendment could be produced, or whatever process is done legislatively so that the program could be encouched in it—not naming it. I am perfectly aware of the difficulties of naming a categorized program, but if the process of OIC is put down—it is a simple process, because we are probably the only organization doing it on a broad scale in America. It is a national program. Then the funding agencies would know that this is a program that the American Government wants to see attempted on a realistic and on a significant scale.

So the reason I said "without naming it" is because I knew it probably could not be named.

Mr. HAWKINS. I was handed a bill, H.R. 11225, introduced by Mr. Taft, and the title reads: "To Provide Federal Financial Assistance to Opportunities Industrialization Centers."

You would, I assume, endorse the intent of the bill, but would not care to have the OIC specifically named.

Dr. SULLIVAN. Yes, I think so, Congressman Hawkins, from the standpoint of just the realities of it, because I know the problem that would be associated with attempting to name a program.

Mr. **Hawkins**. You are not saying that it isn't possible to obtain full funding even under the existing program provided the Department of Labor, which I assume would be the one, approved the funding and cooperated with you.

Dr. **Sullivan**. No; it wouldn't be necessary, then, perhaps, Congressman. Perhaps, but, so far, I haven't, and if the Congress of the United States indicated a mandate somehow that this kind of program should receive some priority in the development of manpower programs, then I think I would get far, far, far more support from persons who now are making a totem pole out of me.

Mr. **Hawkins**. Would you feel that the OIC idea in any way competes with the school system, which also operates skill centers, or with the private trade schools, which are also operating skill centers similar to yours?

Dr. **Sullivan**. I think, Congressman Hawkins, they wouldn't be competitive in that respect, because as far as I know, I do not know of a manpower program of the breadth and latitude of OIC reaching people to the extent we are reaching them in the community.

The problem with the vocational school system is that it has missed the mark as far as the broad mass of the minority population is concerned. Therefore, we are not duplicating it, because it really isn't being done, so we are moving into an area where service is not being rendered on the broad base that we think OIC is capable of rendering.

Mr. **Hawkins**. With respect to the type of classes and students and so forth, are these students ordinarily employed, or are they without any type of financial assistance outside of the training program itself?

Dr. **Sullivan**. Congressman Hawkins, approximately one-third of all OIC trainees are on public assistance. The thing I want to do is get people off of welfare. "Hands up, not hands out!"

Incidentally, Mr. Nixon got that from me. That is mine.

Mr. **Hawkins**. The one-third, do they continue to receive assistance during the time they are being trained?

Dr. **Sullivan**. Yes.

Mr. **Hawkins**. Would the other two-thirds be employed?

Dr. **Sullivan**. Many of them are unemployed. You have many people in OIC who have no connection even with welfare.

There are hundreds of thousands of "unstatistics" in our communities, who are searching for a way out, and then the remainder, 99 percent of the remainder of our persons in the program are underemployed, people in dead end jobs, and who want upgraded skills and upgraded opportunities.

I imagine many of these ladies and gentlemen might be working on jobs at night, but it is a matter of upgrading their skills, rather than the dead end frustrations that millions of our people are experiencing every day.

Mr. **Hawkins**. Do you depend on any type of training allowance during the time the person is being trained?

Dr. **Sullivan**. In several of our programs, training allowances have been made available to us. In most of our programs, no. Ours is truly motivation, and that is an extraordinary thing.

Mr. **Hawkins**. I would think so, because I know many areas that we cannot get anyone to go into training unless he is getting an allowance. That seems to be the incentive, actually, for some of them, more than the training itself. It seems rather remarkable that you have been able to make such a success without having this great incentive to offer to individuals.

Dr. SULLIVAN. It is motivation. The night OIC programs are heavily populated with males. Here during the day, you see many ladies here. You see some men. That is because the men are working now. They are working on menial, often sublevel, jobs, but at night many of our programs, you will find a large number of males there trying to upgrade their skills. Of these ladies, many of them are doing things, but we have created what we call a brotherhood program, to help our people with carfare and lunch money, just the bare necessities to keep going until they get a job.

If there were a fund available to help us supplement male trainees, for example, we could fill our day courses with men. In Chicago, 100 percent of the OIC programs are male. It is because we have been able to arrange some kind of subsidy for them.

If it is not available, we will make it on motivation, and we will get stopgap jobs for our people, day or night, so that they can make it in.

Mr. HAWKINS. I have a lot of other questions, but I am sure the other members would like to have a crack at you also.

Again, I would like to commend you on your operation.

It is my understanding, Mr. Chairman, that this committee may go on some field trips. If so, I certainly was going to suggest that we do include either Philadelphia or one of the other OIC centers. I think it would certainly be a great help to the committee and an inspiration to all of the members of this committee to see all the centers in operation, as I think some members of this committee have already done.

Thank you very much.

Mr. DANIELS. I recognize my colleague from the State of Minnesota, Mr. Quie. Do you have any questions?

Mr. QUIE. Thank you, Mr. Chairman.

Dr. Sullivan, I read a newspaper article about you once, and I couldn't imagine that such a person was real. So I went up to Philadelphia and saw it and saw the operation of the OIC up there. And I figured if they were operating the way they said in the newspaper article, that that would be a tremendous success. And when I got up there and saw what you were doing, I was a believer from then on.

I was immensely impressed by you and what you have done ever since that time. I have again seen your charismatic personality here, and I can see why you are one of your people. You don't talk about "those people." You talk about "us."

Dr. SULLIVAN. Us.

Mr. QUIE. I know that is the way they feel about you in the program, too. The newspaper indicated that the OIC was "their program," not a Government program.

As you indicated, this is not just for blacks, but is one that blacks identify with.

Let me ask you a question about the operation of the OIC.

One thing that struck me is that it has been tremendously successful in Philadelphia, and 10,000 have been trained. You said 40,000 all over the country. What makes it more successful in Philadelphia than in any other place?

I recognize that there aren't any other Leon Sullivans around. If we had 91 Leon Sullivans, that would make a difference. But you have some other tremendous individuals, too.

What is it that enables you to continue in Philadelphia above all the other OIC's in the country?

Dr. SULLIVAN. Well, I think we had a head start in Philadelphia, but the amazing fact is that a great deal of the publicity has been on Philadelphia, when there are extraordinarily successful programs in other parts of the country.

The program here in Washington, if you could see it, is one of the most exciting and successful programs we have.

The program in Seattle, Wash., was one of the first programs, because of its success, that was taken into the whole State manpower structure.

The program in Oklahoma City, Okla., is easily the most successful manpower program in the country. Its statistics are better than Philadelphia's.

Boston, Mass., is one of the best identifiable programs for the aspirations of the masses that we have in the country.

The concentration of publicity has been on Philadelphia because we are the largest program. We are able to get more buildings and more resources locally. But there are many programs that are as good or better than the OIC program there. It is just that I know more editors of newspapers and more television companies.

But the thing I would like to see done is to have the full story of OIC told.

We have such limited resources. In your area, in St. Paul, Minn., there is a program there that has had no funding, or support. The building was secured from the community. That program is dealing with the most significant needs with that community. Some of the most difficult sectors of that community are being dealt with by OIC.

In order for the program to exist, they have to have weekend dances to pay the coal bill. They have to sell papers to keep the counselors and the program going.

There are amazing programs in the country, and I have named a few of them. And I could name 20 others: Phoenix, Ariz., Omaha, Nebr., San Jose, Calif., where 80 percent of the trainees are Mexican Americans, is one of the most exciting programs in training in this country today. I could name many others.

Mr. QUIE. How is the program in Watts doing? I visited that when they first got started.

Dr. SULLIVAN. There were two programs that have been closed that were initiated. One was closed in Los Angeles, and one was closed in Birmingham, Ala. I am glad you raised the question.

The one was closed in Los Angeles because immediately following the riots, the McCone commission made a report indicating that what Los Angeles needed was an OIC such as Philadelphia. Therefore, without getting the community involved in its development, without getting the people involved in where the programs would be, without getting the community with OIC, somebody graciously and happily gave us $400,000 to start a program that was an idea, but was not a fact in terms of attitude within the community.

When they got the money, we were so busy getting the program going with the money that we forgot to do the program.

It also got tied into politics, and one thing we have tried to do at OIC is to keep it nonpartisan, because it has to be an American program for all the people. And so I requested personally that program be discontinued because it was not functioning as an OIC program. If a program doesn't function as an OIC program, as far as I am concerned, it is better that it be closed rather than continued.

If I had seen Congressman Hawkins before this happened, it wouldn't have happened.

It happened that last week I got a letter, and it is interesting you raise the question, from the clergy of Los Angeles and the leaders, asking if we could bring OIC back and start it the right way.

In Birmingham, Ala., it was closed because they hooked OIC into a Government program called CEP. They said, "We will take your OIC and make it a part of CEP." I said, "Take a part of it." And I made the worst mistake in my life, because when CEP went down, OIC went down.

I learned two valuable lessons. First, to create OIC's, you must start from the community. Let them raise $500 or a thousand dollars. Let industry help with their equipment needs. Let the thing get going with the initiative of the people first, and then let the municipalities and the State governments and Federal Government support them.

The other thing I learned was, don't get OIC hooked into a Federal training program, because when that program dies, OIC will die with it. So we would rather live poor, rather than to die—I can't say "rich," because we haven't been rich. [Laughter.]

Mr. Quie. I appreciate your answering that, because I think we ought to have in the record this information. We have been starting Federal programs all over the lot. Is what you told me up in Philadelphia still true, that a key is that the community sacrifies to get it started in order to make it a success?

We have started many Federal ventures that failed. I wish there was some way we could learn from successful stories like yours. But lots of times you learn by the mistakes you make. The only thing that interests me is that you have made fewer mistakes than anyone else.

Dr. Sullivan. Congressman Quie, I have made many mistakes. I make them every day. But we are learning. OIC is in the process of becoming. We are trying to develop something that will help our people massively and realistically. And so we are creating as we go, and this has never been done before. We are learning as we go.

We had to create the OIC National Institute. That is funded by Federal funds. It provides assistance to OIC programs that have Federal funds in them. We need resources to beef up that technical capability.

I found two big problems we had with OIC's was money resources, borrowing from Peter to pay Paul, trying to keep in existence, with people filling our rooms, trying to keep them going. One was resources, and on that I come to the American people and Congress to help us.

The other was administrative leadership so that we have manpower to lead the programs. You can have a great program, and if you don't have the leadership, you don't have a program.

So there was management-training capability, to train managers. This we did, with funds coming from foundations and private sources and companies, just trying to keep it together to train managers for OIC programs. That program is capable of training hundreds of managers and administrators for OIC's.

Some have said that you don't have the resources in a small community, 50,000, to lead OIC. I find the resources and manpower are there. It has just never been found, refined, and developed.

So we have to take what we have and make what we need, because the problem is so great that we can't wait for a man to bob up who is perfect. We have to take what we have and make what we need.

Therefore, we need resources to beef up our OIC Technical Institute led by this man here, so that we can really get into doing the massive technical and educational job that we know we can do.

So if the bills could be written, could be modified to include the OIC concept—I understand there is such a thing as "congressional intent" on what is to be done with funds—if it would be possible to name OIC nationally, this would be great. I don't think you gentlemen could do that. But it would be great if you could.

Somebody has suggested that this might be one time—I understand we haven't done it since the days of the Red Cross—to actually charter OIC with a congressional charter. I don't know if that is possible to do. Perhaps it isn't.

Mr. QUIE. It is possible to do it. We did it with Future Farmers of America in 1940. It is possible to do it.

Dr. SULLIVAN. So any way you can help—in other words, I am coming here with an appeal. We have people. We have a program.

Mr. Steiger, I read your presentation. It is well done, well thought through. And I think you ought to know that, well thought through. As a matter of fact, some of your stuff is like stuff I could easily have taken myself.

But if we had the resources to try—not to try, to demonstrate—within the time that this manpower legislation could be developed, to see whether a program can be created out of America, from the people of America to help America, to show again that the democratic process does work—there are many people who feel it doesn't work except for a few. If we could do that, it would give a tangible demonstration of the democratic process working for the masses, in a program that the masses created themselves for America. It would do a tremendous thing for this country.

Mr. QUIE. I have two other questions that I will ask together.

One, it seems to me that the people who headed the OIC's in these communities were ministers. Has that changed? Do you still have ministers heading them?

Secondly, the Federal Government always has troubles with its programs taking care of the hustlers. How do you take care of hustlers in the program?

Dr. SULLIVAN. OK. Most of our leaders are not ministers now. When we initiated the program, the first couple of years most of them were, because the ministers were the ones I knew, and the ones that would talk to me about what we were doing in Philadelphia. I would meet them at a conference, and they would say, "What are you doing in Philadelphia? I heard about OIC. I would like to have one in my town."

But it is not like that now. It is trying to find the best leadership available in every community. So now the majority of our programs do not have ministerial leadership. But I do urge ministers in every community to become active in OIC, because to me it is an outreach of my ministry.

Mr. QUIE. In all the programs of the Federal Government, they have problems of hustlers who are going to use it for their advantage. You show that you are doing this for the people, and you aren't doing it for Leon Sullivan. All people are not like that.

Dr. SULLIVAN. I hope I am not doing it for myself. I hope I am not. I am doing this thing, Mr. Quie, because I see it is essential for my survival. I take no salary for what I do. I haven't taken a penny's salary, and I won't. Because if I want America to volunteer their time and effort and resources to help a program, I must volunteer what I have. I put personal resources into it.

I mortgaged my house and put the funds into this program. My church funds are in it. I do it not only because I think God wants me to do it, but it is a matter of survival. By the year 2000, one-half of all the jobs we have won't even exist. By the year 2000, one-half, if we can't get blacks, particularly, trained in jobs, able to stand on their own feet by the year 2000, with automation working jobs out, with us still at a menial base, one-half of all the Afro's in this country will either have to be on relief or subsidized by some kind of income help.

Five years ago, I was in East Germany at the invitation of the Government, and I went there. And I know what can happen when a government has control of the people, and when the government gets to the place where it tells you what you eat, what you wear, where you go, how much money you can get. When that has control of your life, it can have control of your death.

There are a lot of people in this country who still wouldn't mind having control of my death, so my survival is to get my people working, to get us on our feet, so we don't have to lean on people for what we are, where we live. When I am independent, I can look you in the eye and say, "I am a man like you are." But when I have to beg and scrape to you for a few pennies of relief, you have got me, and I am trying to get myself out of your hands like that.

What do you think of that? [Applause.]

Mr. QUIE. Terrific.

Dr. SULLIVAN. So there are no spoofers on OIC. If they are, if I find them, something ought to be done about it.

The most important person in OIC is the trainee. We tell the people, the teachers of OIC, that the trainees aren't there because of them. They are there because of the trainees. These ladies and gentlemen are the most important part of OIC. Instead of the big offices and big cars, I want some benefits to come to the people. OIC is for the people, not a lot of offices and bureaucracies and jobs. It is for these, my people. my brothers and sisters.

Mr. QUIE. If you can, spell out a way how you do this, so that the Government can learn from you. I tell you, it will be learning a great deal, because I know you do a beautiful, tremendous job.

Dr. SULLIVAN. If you will just give me some money, Brother Quie. [Applause.]

Mr. DANIELS. I would like to recognize at this time the author of one of the manpower bills under consideration before this committee, the gentleman from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I really am not at all sure we should ask any questions.

You said it so well and eloquently, Dr. Sullivan. It is good to have you here this morning.

Do you have a skill center in Detroit?

Dr. SULLIVAN. No, there was an effort twice there, and both were aborted. And it was because of the lack of community participation and involvement. There was an OIC effort that was started in 1965. It faltered because it wasn't community involved. Then it was reopened inside a church, because it became the orbit of a few persons. And it has not worked. It has never had a community base.

There have been great requests from industry and labor and the people, and I think it is being worked on now.

Mr. STEIGER. What is the story in Milwaukee?

Dr. SULLIVAN. The Milwaukee OIC program is emerging wonderfully. That program had rough sledding, too. A great deal of it was availability of resources so that we could have continuity in our teaching and in our administrative work.

When we have had to deal with three agencies— they were giving us money—to get into OIC, not knowing when one check would come and another check would come, our people would quit and get another job, and our administrators would have more problems getting the staff paid than in teaching the students.

We have been recently able to get a fine man, whose name is Dr. Patton, and now that program is trying to come together. I think that program is going to be a real monument in that section. We are pleased with what is happening there now.

Mr. STEIGER. I spent some time working on that problem in Milwaukee. I am sorry it took so long.

Dr. SULLIVAN. You will be interested to know you have many friends in Milwaukee, because they told me you were interested in our work.

Mr. STEIGER. You say that one-third of the OIC's are funded to one extent or another by the Federal Government. Do you have any idea at all, or can you break down for us from what agencies or from what programs those funds come, and what the level of funding is?

Dr. SULLIVAN. The triagency funding is from OEO, the Department of Labor, and the Department of HEW. Seventeen of the 30 I mentioned are federally funded under the triagency agreement. Fifteen are subcontractors under CEP. That means there are a couple overlapping in several programs, and six have EDA grants.

The EDA grants are very small. The major contributions come from 17 programs, from a triagency agreement—OEO, Department of Labor, and HEW—and 15 subcontractors under CEP. It is difficult to work with subcontractors under CEP because you have the same problem as in Birmingham, where OIC is hooked into something, rather than something hooked into OIC.

You can never do a full OIC hooked in with CEP. You can work in cooperation with CEP. But you can't have OIC worked into it, because when that has problems, we have problems, too. Those are basically the triagency agreements.

Mr. Steiger. You undoubtedly recall the 1968 amendments to the Manpower Training Act. One said that there should be a priority given skill centers. I am biased, because I authored that.

Would you be able to give us an analysis of how well you think the Department of Labor and HEW are implementing that amendment?

Dr. Sullivan. I don't want to be in a position of hurting anybody. Our skill—most of our skill training centers are very ineffective in our communities. Large resources are expended in them, but they are not reaching for the most part the target population which we expected that that would be intended for.

This was one reason that OIC programs are cropping up even around where you have skill centers, because the need on any kind of significant scale is not being reached. So I know everybody has problems, and the skill center programs have problems, and I know it. And they haven't had as much time, perhaps, to get themselves together, but the skill centers have a great deal left to be desired overall, generally, although there are some specific skill programs that I understand are very good.

Mr. Steiger. The intent, however, was to also make sure that OIC was classified as a "skill center."

Dr. Sullivan. Is that right.

Mr. Steiger. In the bill that I introduced, with which I know you are familiar.

I said that the priority given skill centers and other educational programs should operate through local educational agencies. I did that because I think we need to find a way to insure the success of the programs carried on. If we are not doing it by definition, that is the problem. And I have to know about it. If that is not working so far as you are concerned—is that what you tell me?

Dr. Sullivan. That is not working as far as I am concerned, to the extent that I wasn't informed that OIC was characterized in the minds of the triagencies as a skill center. Just the opposite is true. I seem to have been informed that I did not fit into that category. If I had known what you are telling me now, Mr. Steiger, you would have known it a long time ago.

Mr. Steiger. I will have to go back and do a little more checking.

Dr. Sullivan. One exception is Seattle, Wash. The OIC's, one not being regarded in the agencies as a "skill center" per se, to benefit from the produce of that legislation—that is the reason why, if it were possible—and I don't know if it is—we are hoping OIC could be named. If that is not possible, just the interpretation as a matter of congressional intent might be helpful to give us some support in that respect.

Mr. Steiger. I will check on that and get back in touch with you, because unless my memory serves me badly, that was part of the intent.

One last question, and that relates to what you say in your question, and about which there has always been controversy.

We have created all kinds of programs, the job opportunities, the business sector, the Neighborhood Youth Corps, and all of these other kinds of essentially job oriented, supposedly, training programs.

You make a plea that there be a more positive role for HEW in the Office of Education, and I assume you make that plea on the basis that you believe very deeply that there is an important role for the kind of institutional training that your program offers.

Dr. SULLIVAN. Yes, absolutely.

Mr. STEIGER. I guess what I would like is two things.

One, if you had to choose, based on your experience, are we better off for the kinds of people with whom you work in OIC with, the high school dropout, of whatever age, to provide them with some kind of institutional training so that they get basic skills both in whatever you called it——

Dr. SULLIVAN. The feeder program.

Mr. STEIGER. What is the great word you are using now, computational skills?

Dr. SULLIVAN. Computational skills.

Mr. STEIGER. Plus the job training.

Second, can you go a little bit further with your statement on page 12, where you talk about what you are doing to work with state education agencies?

Reverend SULLIVAN. It is my opinion that for skill training to be effective, there must be computation and communication skills, what we call the "prevocational" or "feeder" program.

To train a man with a skill and not the attitude and the basics of motivation is not training a person who is going to benefit, actually, in the total picture, his job, his employer, or even himself.

Skill training, therefore, must be coupled, as you put it, and as I see it in my opinion, with prevocational training, particularly for persons who have been shut out of the world of work and opportunity. It is an education process as much as it is a skill-training process. For that reason we even have to get into literacy preparation. We have to get into whole areas of heritage education. We have to get into the whole picture of what America is about, what the free-enterprise system is about, what the world of work is about. Just training a man is one part, but it must be coupled with the kind of thing we discussed here.

And for that kind of thing to be institutionalized, this means, then, that the Department of Health, Education, and Welfare should be more deeply involved and immersed in decisions pertaining to these kinds of educational efforts.

I think that the resources of the Department of HEW can be brought more into play in buttressing the kinds of program that we are trying to initiate here. It is an educational mechanism, as well as being a skill-training mechanism. It is the training of the whole man.

With respect to the second question, already we are developing relationships through, and securing State certification to work more closely with departments of education in the States. We should like, for example, to develop arrangements whereby school dropouts in our high schools can have a closed linkage with the intake of OIC's.

Now, we have stayed away from this because we didn't want to interfere with the educational process. We didn't want boards of education to think that OIC was going to encroach into a province that was their own, to the extent that we have said that persons who have discontinued school should wait awhile before they come to OIC. So we would not put ourselves in the position of interfering with educational areas of concern.

But if, somehow, OIC could be a central point in this whole educational mechanism, where you have public education, at one end, and technical schools on the other, this big mass in the middle of underemployed, uneducated, often people who can hardly read or write, this big mass of Americans—something must be put in this center to help these, our people, to get skills, attitudinal development, and a sense of relationship with the whole order, so that we can be beneficiaries of the whole system, rather than on the outside.

The problem has been, with all the noise and disturbance, it has been so much like that because we are outside the benefits of the whole system. We can't understand it, and we fight it.

Once a person becomes one of the beneficiaries of the system, and there is a door in the center, it will be better. They are not going back to public school, and they can't go to technical schools and universities, because they don't have the diplomas and qualifications, and some don't have the money.

So some institution in the center to provide educational services to the broad mass of our people has to be provided. And I can see a linkage, therefore. A program like OIC might become institutionalized, hooking into the public education and ultimately into the technical education. I think we would be able to spread the base of our educational needs more.

Mr. Steiger. Mr. Chairman, I simply want to say this has been a great experience.

Thank you, Dr. Sullivan, for coming. And congratulations on a fantastic job.

Mr. Daniels. I would like to thank you and Mr. Booth and the two students who testified here this morning for your testimony. It has been most interesting and informative. This has been one of the finest hearings that this committee has held on manpower, and I want to mention that I regret that there are not more of us around who take an interest in programs of this nature.

The committee stands adjourned. [Applause.]

Mr. Daniels. Our next hearing is scheduled for March 3, 1970.

(Whereupon, at 12:10 p.m. the subcommittee recessed, to reconvene at 10 a.m. on Tuesday, March 3, 1970.)

MANPOWER ACT OF 1969

TUESDAY, MARCH 3, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:15 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Burton, Gaydos, and Erlenborn.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant, and Charles W. Radcliffe, minority counsel for education.

Mr. O'Hara (presiding). The Select Subcommittee on Labor of the Committee on Education and Labor will come to order.

The purpose of today's hearing is to continue taking testimony on H.R. 10908, H.R. 11620, and H.R. 13472, and related bills dealing with manpower development and training.

Our first witness today is Mr. Clarence Mitchell, the director of the Washington Bureau of the National Association for the Advancement of Colored People.

Mr. Mitchell, I am very pleased you are here. I am going to hear a few words of your testimony, and then I am going to get back to work on the matter I discussed with you.

STATEMENT OF CLARENCE MITCHELL, DIRECTOR, WASHINGTON BUREAU, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

Mr. Mitchell. Thank you, Congressman O'Hara.

It is vital, and you have done a vital job in protecting the interests of people.

Mr. Chairman and members of the subcommittee, I am Clarence Mitchell, director of the Washington Bureau of the National Association for the Advancement of Colored People. I appreciate this opportunity to present views on behalf of our organization in connection with your consideration of manpower bills H.R. 10908, H.R. 11620, and H.R. 13472.

(At this point Mr. Daniels assumed the chair.)

Mr. Mitchell. Of these three bills, it appears that H.R. 11620, introduced by Congressman O'Hara and other sponsors, is the most likely to accomplish the desired job of eliminating duplication among Federal agencies in the manpower field, and at the same time, accomplish increased training and job opportunities for all Americans.

There is some confusion and duplication in the programs designed to assist what are called the "hard-core unemployed" and/or the "underemployed." Unfortunately, the proposal offered on behalf of the administration, H.R. 13472, would compound existing confusion, because it would transfer the responsibility for implementing the manpower programs to the same political entities that have caused the trouble in the first place. The U.S. Employment Service, State governments, county governments, and municipal governments have a notorious record of racial discrimination. Most of them have an equally bad record in discriminating against the groups in the low-income category, regardless of whether they are white, black, or other minorities. In most instances, local governments are so busy trying to keep the salary scales of program employees at a low level that they fail to understand the importance of paying a decent wage in order to get an efficient employee. Frequently, if the State and local political figures and unable to scale down the wage paid those operating desirable programs, the next move is to claim such jobs as political patronage. This means that there is established a standard of political affiliation first and ability to do the job second.

Many State and local officials seem to be interested in frustrating rather than promoting imaginative programs. For example, in one program where the sponsors sought to make a facility used for the program more sanitary and efficient, the city officials attempted to have the pastor of the church sponsoring the program indicted for misuse of public funds.

I left out the name of that individual, Mr. Daniels and other members because I didn't want to embarrass the minister who was involved. But it was an incredible experience. He was the pastor of a church that was in an old building, and he sought to have a nursery-school program in order that working mothers might take job training.

Well, it turned out that the health department came in and said, "You have got to have small laboratory facilities for the children." The fire department came in and said that the wiring in the place was bad, that had to be improved. Somebody else came in and said the kitchen facilities had to be improved.

He did all these things, and I think the cost, for which he had receipts and that sort of thing, came to around maybe $10,000. He did this. And then somebody in the city government actually went to the prosecutor and said that he ought to be indicted for misuse of funds.

Fortunately, the prosecutor was a sensible man, and he did not seek an indictment. But it is interesting to me that this kind of thing would happen, because the President's welfare program, as he sent it over to Congress, has a proposal in it that in these places where you are dealing with old buildings for the purpose of trying to set up nursery schools, there would be Government expenditure to try to improve them so they wouldn't be health hazards or fire hazards.

In other words, what this minister had already done was the same kind of thing the President is proposing in his new welfare program, but the local officials wanted to indict—wanted to indict him for misuse of Government funds.

In another case, where an OEO staff man sought to have local youths involved in programs that would improve the community, pressure from county and city officials brought about his dismissal from the job. I have that case now before Mr. Rumsfeld, and I think he will make a fair disposition of it. For that reason, I don't mention the man's name. But it is a fact that this has occurred.

Sometimes local programs that would provide employment are snared by numerous technicalities. In one case that came to our attention, a program that would have eventually provided employment for approximately 30 hard-core unemployed was held up for 2 months because of a dispute about one word in the corporate name of the sponsoring agency. That was finally straightened out, and the program did get underway. But meanwhile people were out of work, 300 of them, because of an argument about one word in the corporate name.

So far as the Employment Service is concerned, its record has been one of dismal failure to assist persons in need of help in the job field. I want to expand on that, Mr. Chairman.

I have been dealing with the Employment Service for many years, ever since Secretary Schwellenbach of the Department of Labor. And it is really an almost hopeless proposition to try to get much out of that agency.

We have observed the tactics of many of these officials over the years. Usually, they place in employment the persons who are well qualified and probably could obtain employment without any help. The individuals who need additional training or guidance and job counseling usually become a part of extensive files gathering dust in local offices.

I might say that Mr. Shultz, the Secretary of Labor, indicated that there had been trouble in his testimony. He hopes that they can improve and thinks perhaps they are improving. I hope he is right. But, frankly, I don't have much optimism about the possibility of the Employment Service straightening itself out.

We have been trying to make the Employment Service offices more effective in handling manpower problems for the last 30 years. Generally speaking, the conditions have not changed much for the better.

H.R. 11620 provides for skilled training centers supportive and followup services to supplement work and training programs—including health services—counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in work and training programs. Experience has shown that all of these are practical necessities if we are to make certain that our citizens really benefit from the various manpower programs. Another feature of the O'Hara bill, providing for employment centers and mobile employment-service units, is also vital. Job coaching to insure job retention and relocation placement, where needed, are also extremely important.

We need bold and imaginative programs for the training, upgrading and employment of those who now are considered ineligible for jobs or unsuitable for promotions. From our observations of some agencies, such as OEO, we belive that they are in a far better position to initiate and carry out experimental programs than the old-line agencies, which are frequently staffed by people who are long on paperwork and policies but short on productive performance.

It is also important to maintain the maximum amount of freedom and flexibility which usually accompany programs under private sponsorship.

It should be noted that the recent move of State Governors who threatened to veto legal services and Headstart programs are examples of the kind of footdragging and political obstruction which make some State officials untrustworthy in handling programs that are designed to eliminate some problems in the manpower field.

In all of these efforts, it must be remembered that no matter how efficient we may be in training the Nation's manpower, nothing is accomplished if there are no jobs for the trainees when they are ready to go into gainful employment. The concept of guaranteeing meaningful employment opportunities by making "public investment to the extent that the private sector if unable to provide such opportunities," as contained in section 2(g), and the concept of meeting "unfilled public needs in such fields as health, recreation, housing and neighborhood improvement, public safety, maintenance of streets," et cetera, as contained in section 2(h) of H.R. 11620, is indispensable if we are to make a dent in the acute job problems of our citizens in the so-called "disadvantaged" groups.

I would just like to mention this as an example of what I am talking about. It involves a Government agency, but it is a very good program. It is out in the State of Illinois, where the Atomic Energy Commission has started on this atom-splitting project.

The people out there were determined to try to do something in the area of reaching hard-core unemployed young people. They recruited a very able man from the very community in which the project is being built. He, in turn, went into Chicago and got young people who literally were "off the streets," some of whom had gotten into different kinds of trouble.

Interestingly, these were young colored people, but there were also some Indians. And I think a few in the group were Puerto Ricans. There was a white man from Arkansas, who was an operating engineer around the premises.

He agreed to be the instructor on teaching these young people how to operate heavy equipment. It has just been an amazing transformation of these young people, who were sort of just hanging around. Now they get out, and you can see a real sense of pride as they operate that heavy equipment. And they could take the training because they knew at the end of the training period there would be a job.

That is why I think it is so important that, as we have these training programs, that we try to be sure that when the people get whatever they are being taught, they can then get jobs.

It is incredible that in a time of national prosperity and affluence the only way that some would approach the problem of inflation is to promote and extend unemployment. As usually happens, increases in unemployment mean increases of joblessness among Negroes, among persons of Spanish ancestry, and among other minority groups. So far, we have not been able to provide full employment from private sources in our country.

The present policies of the administration in office seem to result in a decrease in jobs in the private sector. It is not yet clear whether this also has brought about a decrease in inflation. But, meanwhile, the people out of work are suffering from the loss of their paychecks.

As we look at the piles of trash in our cities, because we do not have enough people working in our sanitation departments, and note the deterioration of our parks and recreational facilities, because we do not have sufficient maintenance personnel, it seems very clear that providing jobs on the public payroll to handle these matters would have the double effect of putting cash in the pockets of those who are jobless and, at the same time, improve the value and appearance of our public properties.

We appreciate this opportunity to testify on this important problem. We sincerely hope that the subcommittee will give speedy approval to the O'Hara bill.

Thank you.

Mr. DANIELS. Thank you, Mr. Mitchell, for a very precise statement.

You disapprove of the principles set forth in the Ayres bill to empower the States with the necessary authority to bring all of these work programs under an umbrella and let the States determine which is best? Of course, it also provides for giving grants to central cities so that they may work in conjunction with the State.

However, that bill further provides for the Governor to veto any particular program.

I take it from your statement that you disapprove of that and that you think there is more flexibility in the O'Hara bill.

Mr. MITCHELL. There certainly is. In the administration's proposal as I understand it, if the Governor does not provide a plan that is satisfactory, there is an appeal to the Secretary of Labor. But anybody who looks at what we are going through now on the question of school guidelines with the Department of Health, Education, and Welfare would know that it won't mean much to have that kind of procedure.

I just don't see how it would be possible for the Secretary of Labor to make an intelligent and effective program work when he has got to deal with Governors who, for various political reasons, might even be acting against the interests of the cities.

Unfortunately, there is frequently a big political battle between the State capital people and the people who are trying to run the cities.

There is also another feature of the administration's bill which would provide for a kind of a collaboration between the mayors of cities and county officials in the surrounding areas. This would be pure poison for most Negroes, because usually the counties that surround the major cities of our country are the places to which white people have fled because they want to get away from the Negroes. Very frequently, the officials in those counties have a kind of a racist approach to things, in a gentlemanly sort of way, and they act against the interests of the peoples of the cities.

As I said before, that would be a dangerous thing if we put that into legislation.

Mr. DANIELS. Congressman Gaydos?

Mr. GAYDOS. I have no questions.

I would like to compliment the gentleman on his very practical statement.

Mr. DANIELS. Mr. Erlenborn?

Mr. ERLENBORN. Thank you, Mr. Chairman.

Mr. Mitchell, I appreciate your statement, particularly your reference to my congressional district. You didn't mention when you were talking about Illinois that Weston, the Atomic Energy project, is in my congressional district, and, as a matter of fact, was almost not located there because some people fought the placement of this particular project in Illinois because Illinois didn't have a statewide open housing law.

I am happy to find good results of the operation.

Mr. MITCHELL. May I interrupt and acknowledge that I was very determined not to have that located in Illinois, if we could possibly avoid it, and I now say that we lost that fight. But we lost it because the people in that community asserted the kind of leadership which made it a place that this project could be located in.

They passed, as you know, a fair housing ordinance of their own. And subsequently, of course, they got the national fair housing legislation, I am happy to say, with your help and cooperation and leadership.

In addition, the Atomic Energy people have been very sensitive about their role in building a community that would really be a democratic community. They have done—I won't say they are perfect, but certainly they have tried and continue to try to meet these problems. So I am happy to say that, although I have had many misgivings and fears about this, the reaction of the community and your own personal interest in these matters have helped tremendously in solving these problems.

I think if other people would react that way, we wouldn't have much trouble. But I must say that you and your associates out there are sort of unusual people. We don't run into folks like that in many of these communities.

Mr. ERLENBORN. I hope your comments concerning at least one program in Weston would indicate that you are generally pretty well pleased with the conduct of this project.

Mr. MITCHELL. With respect to the employment of operating engineers, yes. I don't know about the other crafts, but that one seems to be good.

Mr. ERLENBORN. The final objection that we had to overcome in the other body to getting this approved finally came down to the demand that the county adopt a fair housing ordinance, which was not legally within the power of the county. I felt that some of the attacks on the designation of Weston for this project were a bit unfair and unreasonable. And I am pleased that, even though it was a Democratic administration and a Democratic Congress, this Republican district was awarded the project and that presently, I think, the action of the people in the community bears out the promise that they gave at the time they were seeking the location of this project there.

Mr. MITCHELL. I would like to say for the record, Mr. Erlenborn, that I got into a great deal of difficulty because I mentioned a State where I thought we could have this located and would not have trouble on housing. That happened to be the State of Colorado, where, as you know, there are two Republican Senators, who joined with me in saying that they thought their State would be a good place in which to locate this.

I immediately got in trouble with people in California, who wanted it at Sacramento, and people in New York, who somehow or other wanted it in their State.

But I can't overemphasize the fact that we were not objecting to this because we didn't want to see the State of Illinois benefit from it. We were objecting because there had been statewide, consistent opposition to fair housing legislation. And in that area there was every reason to believe that without fair housing legislation, the Negroes would not have any place to live if they came there to work.

The difference in Weston was that instead of being just intransigent, the people in the community did what they could do about passing an ordinance. And I remember a speech you made, on the floor, I believe, about this matter, which is different from the way people usually react. Usually they fight and say, "We are going to have it whether we have fair housing or not."

But you and your associates there attempted to correct the problem. And I feel certain the project would never have gone there except that the fact of the good will evident and the prospect of passing national fair housing legislation were all weighed and resulted in a favorable disposition for your community.

Mr. **Erlenborn.** In your statement, you mentioned without using names of individuals or particular cities where this happened, that a pastor got in trouble for using funds to improve a facility.

Now, your assessment of the motivation of the person who went to the prosecuting attorney may be right. I don't know. But I would ask you, do you know if the person who expended these funds had legal authority to use the funds for that purpose? Or might there be a legitimate dispute as to the utilization of training funds or Headstart funds for capital expenditures?

Mr. **Mitchell.** Actually, what happened in there, there were arrangements under which it would be possible to allocate certain parts of the money for capital expenditures. The pastor of this particular church is a very civic minded individual. He attempted to allocate out of his church funds a certain amount of money for the cost of doing this, since it was a capital improvement, and also a certain amount of the project funds, because it wouldn't have been necessary to do it if they didn't have the project in the first place.

Well, it turned out upon review, there was nothing wrong with what he had done, but the publicity vindicating his action and judgment never caught up with the sensational thing that was done in the first place.

The man who instituted the action was the city auditor in this community, a very ambitious political figure. I am convinced that he did it—because I did talk with him—I am convinced he did it purely without any hope of actual prosecution, but with the hope that it would get enough publicity to discredit the program.

That is about par for the course in many of these communities. That is why I say I don't think they can be trusted to handle these programs.

Mr. **Erlenborn.** You make reference, also, to recent moves by State Governors to threaten vetos of Legal Services and Headstart programs.

You wouldn't just blanketly condemn the action of the Governor in such a veto as a racist sort of thing, would you? You would, I hope, agree that there may be other reasons for the Governor to veto a particular program or project.

Mr. MITCHELL. Well, I would say there would be reasons in addition to the racism. I think I can say publicly what was involved in the legal situation, because it got a lot of publicity in the papers.

This was the State of Missouri, and the people who were working in the legal program had been very effective in getting at the problems of the poor. Necessarily, when you get at the problems of the poor, you are getting at the problems that affect Negroes.

The Governor of the State of Missouri said that he just wasn't going to clear this program. I am happy to say that your former colleague, who I believe is trying very hard to do a good job, Mr. Rumsfeld, overrode the Governor in that instance and the program continued.

The Headstart matter to which I referred is in the State of Mississippi, where Governor John Bell Williams, who was always against any civil rights propositions up here in Congress, when he was a Member of Congress, is the moving factor there. And I am sorry to say that there are more people in Governor's chairs like the Governor of Missouri and Governor Williams than there are people who want to be fair to everyone.

So I would concede that there are factors in addition to race, but I think race is definitely one of them.

Mr. ERLENBORN. In examining the administration's bill and the powers it gives to the Governors and to the cities, in your discourse with our chairman, did you take into consideration the fact that the administration's bill has a set-aside of funds for standard metropolitan statistical area, so that there will be some guarantee, if the admintistration's approach is adopted, that some funds are charged directly to these metropolitan areas?

Mr. MITCHELL. Oh, I was aware of that. But, as I said——

Mr. ERLENBORN. Would you agree this is a good thing to do?

Mr. MITCHELL. Unfortunately, I can't agree, because I don't think either one could be entrusted to do this in the fashion the administration's bill proposes.

As I said before, while there are often conflicts between the city and the State governments, there are many times, when the city officials themselves, just as in the instance I mentioned—this happened to be a city official where they were trying to indict the minister—the city officials themselves are so politically minded, and so geared to economy in government and things of that sort, that they raise all kinds of boogymen that are not related to the program. And I fear that even if you had funds that were specifically earmarked for use of cities—and you could do this by bypassing the State capitol—I still think it would be better to have the Secretary of Labor in the picture.

I mentioned in my testimony this dispute that held up 300 possible jobs for people because there was a dispute about a word in the articles—in the name of the corporation. The word was "beautification." The people who drew up the corporation, who established the corporation, had put the word "beautification" in there, out of respect to Mrs. Lyndon Johnson.

This was held up, and we had all kinds of technicalities. We got it straightened out this way. I went to the Labor Department. I don't want to get the official in trouble by mentioning his name, but I just laid the matter before him. And it took him about 15 minutes to straighten it out.

Mr. ERLENBORN. In the administration approach, the States will only get a portion of the funds, and then only when the State plan is acceptable to the Secretary of Labor. And unless they do a good job in administering that plan, they will not get the additional funds. So there is the incentive to conduct these manpower training programs properly so that they can get the additional authority for the expenditure of funds.

I guess there is a basic difference of opinion on whether we can rely on State and local governments to do these things with oversight, or whether we should have Federal programs with direct contracts between the operatinug agency as the prime sponsor and the Federal agency.

I happen to think that with oversight and the proper guidelines, we can trust State and local governments to conduct these program, even though you may find some examples of individual States or communities that will not do a good job. I don't think you can blanketly then say, "Let's not give any authority to any State or to any local community to conduct these programs."

I believe in the proper oversight, and we can get the conduct of these programs administratively at a level where they will be much more meaningful to the recipients.

Mr. MITCHELL. As you may remember, Mr. Shultz in his testimony as Secretary of Labor said that there are about 10,000 of these privately sponsored programs, that the Department of Labor must supervise. And his argument was that this is too much of an administrative burden.

Well, I don't feel that you meet that problem by doing what the administration bill proposes. And that is, you shift the supervisory function, in the initial stage, to the State and local governments. You put the sponsors of these projects in a kind of advisory role, where whatever they can contribute will be diluted by the overwhelming power which is given to the State and local governments.

I would think by the time you fought your way through that forest of delay and frustration, you could very well be at the end of a fiscal year and you would not really accomplish what you set out to do in the first place.

I agree that we ought to do everything we can to encourage local initiative, and, as Roy Wilkins used to say, "Negroes would be for States rights in this country if they had some rights in the States."

As we get closer to the point where everybody has rights in the States, that is a good way to do it. But we aren't at that point yet. And I believe this program is far too valuable to risk turning it over to the States and localities under the concept that is described as the "New Federalism." This, to us, is really just more assertion of the States rights doctrine in a not-too-good sense

Mr. ERLENBORN. I guess we can't be too proud of the job we do in administering programs at the Federal level, either.

As an example, the other day we had a briefing from the Department of Health, Education, and Welfare in an effort that they have undertaken to find out administratively how they are doing in conducting grant-in-aid programs. They found in the health field, for instance, in some of the small grants that are given for projects, the average grant was $2,500. The average administrative cost in awarding the grant was $2,800. And it usually took about 9 months to a year to approve the grant.

That kind of administration at the Federal level doesn't make us too proud of the job we do.

Mr. MITCHELL. I wouldn't say that the Federal Government is without fault. I always, in an appropriate forum, am making an attack on what I consider unnecessary redtape.

But let's look at your own State for a minute. If you had the administration's program in effect, you could conceivably have the State of Illinois developing a program of manpower utilization for East St. Louis, Ill., when, as a practical matter, East St. Louis and St. Louis, Mo., are really a part of one labor market. And any realistic plan, it seems to me, ought to consider that whole area, and the people in Missouri ought not to consider St. Louis as a separate entity. And Illinois should not consider East St. Louis as a separate entity.

But under the administration's program, that is quite likely the way it will work out, whereas under the O'Hara approach you could consider this, really, on a kind of a regional basis.

The same thing would be true of the community of Weston. Actually, the labor supply of the community of Weston, and that county, is the city of Chicago. Conceivably, you could have the mayor of Chicago working on some kind of plan and the mayor of Weston working on some kind of plan which would not be harmonious, and would not result in meeting the needs of the people who are available to work. But with the Federal Government in the picture, you could have a harmonious program which would utilize everybody in the labor market area, which frequency crosses city, county, and State lines.

Mr. ERLENBORN. This may be true. It may also work out that you find one Federal format imposed on a job-training program for a Spanish-speaking community in Texas as it would be in an Indian community in one of the Western States.

Mr. MITCHELL. It would be unlikely, Mr. Erlenborn. I would assume if these programs were operated intelligently, you would take into consideration the job demands of a community.

I remember in the Southwest at one time we had a lot of demand for people to work in the oil industry and nonferrous metals, and things of that kind. Certainly, it would be wholly unrealistic to train those people in how to engage in, let's say, merchandising, which would be a program that you would have in the State of New York.

I think, on the basis of my experience, that the Department of Labor has done that. They do try to make the job program fit the demand of the community. In addition, there is a provision in the O'Hara bill which says that you can make it possible for people to move about the country where they have skills which might be needed somewhere else.

Mr. ERLENBORN. I am reminded of the story that I read in the Chicago Tribune on Sunday about a small community in Texas that is carrying on a battle with a Federal agency that is trying to force them to take free food and food stamps. They say they don't have a lack of food, but they are almost dying for lack of water. If somebody could only get water to them, that would solve their problem.

I think if you want to look for examples of poor administration at any level to make your point, you can find just as many at the Federal level as at the State and local level.

Mr. MITCHELL. I agree, but if you ever embark on a campaign to set right the Federal Government, take me as a private in the Army.

While we have got one bureaucrat jungle with the Federal Government, we would have 50 if we transfer it to the States. And the good Lord only knows how many we would have if we transfer it to the cities.

Mr. ERLENBORN. You make reference also, here, on page 4, that it is incredible that in a time of national prosperity the approach to inflation is to extend unemployment.

I hope that you don't mean to imply that it is the conscious effort of this administration to promote or extend unemployment.

As a matter of fact, unemployment has increased. And I think we all fear that it may continue to increase. This is a result—and I guess everyone would agree that it probably is a result—of some of the policies of this administration; but you don't impute that the motive of this administration is to promote or extend unemployment, do you? It is an unhappy result of some other effort. Wouldn't you agree?

Mr. MITCHELL. Well, Mr. Erlenborn, unfortunately, I can't agree, because I read the statements made by Mr. Burns, I believe, in which the people making those statements seemed to be so matter-of-fact about 2 to 3 million people being out of work. And the general attitude was, "We are going to do what we are doing, and we know that this will result in unemployment."

I think, surely, with all of the ingenuity that we have in this country, we could find some way of cutting back on whatever the forces are that create inflation without creating the misery of joblessness among 3 to 4 million people. And, unfortunately, many of these people will be Negroes and other disadvantaged groups.

So that it is hard to see how this isn't a conscious effort to promote unemployment, although I will admit that maybe their motives are good. Their motives are to get at inflation. But, at the same time, their formula for getting at inflation is a conscious creation of a pool of unemployed people in order to bring prices down.

Mr. ERLENBORN. What bothers me most about your statement—and I have touched on all three of these points now—is your imputing of motives.

First of all, in this area, the motives of the administration resulting in a conscious effort to create unemployment. In the question of Governors' vetoes of OEO programs, you impute their motives are a racist sort of thing, as you do in the question of the utilization of OEO funds by the pastor of the church.

You don't seem to give the benefit of the doubt to anyone as to whether—maybe it was an illegal expenditure, even though well meaning. You don't give the benefit of the doubt to the comptroller whose job it is to see that the funds are properly expended. You impute to him a motive of personal aggrandizement.

That is what bothers me about your statement.

Lastly, on the question of unemployment and what the administration bill would do. I think pretty generally the kind of unemployment we get in a period such as this is, the low-skilled or unskilled marginal employees, the ones that are employed in a period of great expansion in the economy. What these people need, really, is to become skilled. That is what we are talking about here in this manpower program, what the administration would do in periods of high unemployment. It would automatically, under this legislation, pump additional funds into manpower training to pick up these people that have fallen out of the job market and give them the kinds of skills that would put them in the job market, where they could compete on a better basis.

Then, when there is a reduction in employment, they will not be the victims, because they will have the skills.

I would hope you would give the benefit of the doubt to this administration or some of the Governors or even some of the people at the local level that they do mean well, even though you do find that some of the results are not to your liking and often not to my liking. But I would feel better about your appearance before the committee if you didn't impute motives to these people.

Mr. **Mitchell**. My imputation of motives is based on a preponderance of evidence. And I think that is the only way you can make a statement such as I have made if you are going to be fair.

Let us look at the situation that I mentioned about this clergyman. Here was a man acting wholly out of good will, and a highly active political official——

Mr. **Erlenborn**. Are you again imputing motives to him?

Mr. **Mitchell**. I am imputing and saying why I am imputing.

Mr. **Erlenborn**. Some people might say he was trying to improve his church with public funds.

Mr. **Mitchell**. That is why I want to explain how I reached the conclusion that the attack was politically motivated.

In this situation, here was a clergyman who, at the request of the city government, set up this program. At the request of the fire department, he changed the wiring. At the request of the health department, he changed the plumbing and the kitchen facilities.

Then, after he had done all that, he was under attack. All this information was turned over to the prosecutor, and the prosecutor found it was utterly frivolous and without foundation.

So here you had a public-spirited citizen who was held up to scorn and ridicule in the press, which enhanced the political fortunes of the man who accused him, but which did not stand up when submitted to the official who had the responsibility of bringing action.

Then, I mentioned the situation with respect to the Governor of Missouri and the Governor of Mississippi.

I got first hand information with respect to——

Mr. **Erlenborn**. Let me interrupt you at this point and say that you may be right in some cases. But is it fair to use these examples to create the impression that any Governor who exercises the right of veto is therefore a racist?

This is what bothers me about your approach in your statement. You don't say the Governor of Mississippi in this particular case was motivated by racism, but you tend to say that any Governor, wherever he may be, who may attempt to exercise the right of veto, therefore, per se is racist. I don't think that that is a fair approach.

Mr. MITCHELL. I think my statement that the majority—and certainly I think this can be demonstrated by our experiences with State governments—all I have to do is look at the employment policies of most of these State governments. All I have got to do is look at the way money is expended in the States for public use, and look at the callous attitude of a lot of the States, where they run a highway through a Negro community and put all the people out of their homes.

As I said, the preponderance of the evidence supports what I have said. I think with respect to Governor Williams——

Mr. ERLENBORN. Would you yield just to one point, that there might be a Governor somewhere who would have another motive?

Mr. MITCHELL. I would say there would quite likely be Governors who would have motives in addition to the questions of racism.

Mr. ERLENBORN. Underlying the Governor's veto would always have to be racism?

Mr. MITCHELL. I wouldn't say always, but in far——

Mr. ERLENBORN. You have now given in on that point.

Mr. MITCHELL. I am trying to be fair. I am saying "preponderance of evidence." You can't take one thing that stands alone and say it proves a case. But I am speaking out of nationwide experience, personal observations that I have made in these States and communities. Every weekend I am out somewhere looking at the way these programs work in the States of this Union. I have been all over the country, and I know firsthand what happens.

I would say that, even though in some instances it is a benevolent kind of racism, racism is an ingredient that goes into the decision of Governors in handling these cases.

Let's suppose you set up a group of State government employees as the administration proposes. You can start with your State of Illinois, go to California, New York, wherever you want to pick, and you would find that if you just took the top State officials, the great majority of them would be white. And why is that so?

It is so because these States, whether consciously or unconsciously, with or without any desire to be unfair, they have assembled all-white operations. And this is what happens when you turn things over to them.

Mr. ERLENBORN. Thank you, Mr. Chairman.

Mr. DANIELS. Mr. Burton?

Mr. BURTON. First, Mr. Mitchell, let me commend you for what I believe to be the unassailable perception reflected in your statement. Such is invariably the case when you testify before one of the committees in the Congress.

I hope my colleague from Illinois will join with us to see that whether or not the administration primarily intends to have hundreds and hundreds of thousands of more people out of work as a result of policies which they must understand are going to result in just that—I would hope that he would join with us to reverse those policies and, in the meantime, join with us in constructing a bill in this important area that will tend to take most of the rough edges off the inevitable consequences of the Republican administration's fiscal and eocnomic policies.

I fully concur in all that you have stated with reference to the unfortunate, whether intended or not, racial bias that is more the rule than the exception in the decentralization of some of these national programs.

I recognize that we have some inadequacies and some maladministration when the Federal Government administers these programs, just as we have at the State and local level. But I think these inefficiencies and maladministrations are more apt to fall equally upon the shoulders of all the American citizens when it is done federally. And it is clear, on the record, that it is the nonwhite and Spanish-speaking who bear, all too often, the brunt of maladministration at the local level in some sections of the country.

If we are going to have inefficiency, at least the adverse impact of it should be borne equally by all Americans.

There is one point that you didn't raise in your statement. I would be interested in your responding later to us on this point. And that is the handling of those who are currently receiving public assistance and the current rule, whereby, in effect, the Labor Department cops out on the responsibility and refuses, really, to accept the primary fiscal, as well as administrative responsibility for proving meaningful job training to the poor. Because of the manner in which the work incentive program is structured, this, intended or not, is also an area that, in my judgment, adversely affects those who are driven to seek income maintenance by accepting public assistance.

They set up the program in a way that really penalizes low-income persons on public assistance, vis-a-vis some economic counterpart who may not be.

I intend to propound a specific question with reference to this, and I hope that you will take the time to look it over and give us the benefit of your opinion on that matter.

Mr. Mitchell. Thank you, Mr. Burton. I certainly agree with you that this is a very serious problem, because the administration has proposed, as you know, a very extensive revision in our welfare problems in this country, which includes the offering of training opportunities to welfare recipients, which hopefully would get them in a condition where they could take care of themselves and become wage earners.

But my experience with the way the Department of Labor, through the employment service—apprentice training and things of that sort—operates, there is not yet the kind of initiative exercised which will try to take these welfare recipients or other low-income groups out of jobs that are just run-of-the-mill jobs and put them in something that they might really be qualified to do if they had the proper training.

I refer in my testimony to the Atomic Energy project up there in Illinois. I would just expand on it to this extent, to say that the first group of trainees who went into that operation were taken from the streets of Chicago. They were real tough hombres, and they said at one point, some of them, to the instructor, or at least he told me they said, "Well, we could make more money in snatching pocketbooks and mugging people than we can make as trainees on this job. So why should we do it?"

I would submit if that kind of young person walked into a Department of Labor sponsored operation in most of our States and cities, he probably could get a job as a person collecting trash. They might refer him to somebody as a yardman, and he would continue in his despair, frustration, and resentment to the point where, after he made a couple of weeks' salary and ran out of money, he probably would get involved in crime again and go right back to jail.

But in the situation that the Atomic Energy Commission found itself in, they saw in these boys the possibility of putting them on this big earthmoving equipment and training them to be builders in society, rather than destructive forces. And you could just see the pride and self-respect emerge in these young people, so that today they are really desirable citizens. They have been rescued from crime and that kind of thing.

I don't believe the present stance of the Welfare Department, the Labor Department, and the rest of those included into these problems, are aiming in that direction——

Mr. DANIELS. Would the gentleman yield?

Would you say it is important to all these programs that we should inculcate in all of these trainees a spirit of motivation, to do something for their communities? Don't you think that is important?

Mr. MITCHELL. I certainly would, Mr. Daniels.

I heard one of the parole commissioners of the District give a speech last night, and he was talking about the deftness with which people take wallets out of the pockets of their victims, and the skills that some have in analyzing numbers returns and following racetrack forms, and that kind of thing. His point was that if people had the native ability to do these things, society must find a way of taking them away from the unlawful exercise of those talents and put them into something which is legal and proper.

I think we do it the way you suggest, by giving them inspiration and aspiration and incentive. So I heartily agree with you.

Mr. DANIELS. Last week we had a witness before this committee, whom I am sure you know, the Reverend Leon Sullivan, who gave us fine insight in the program that he is operating in the city of Philadelphia, known as "OIC."

I think he has taken an approach which should be given very careful consideration and study by many of the other people operating and managing other similar programs. His organization has met with tremendous success. His program has spread to 90 other cities throughout the country.

Now, because of the failure of proper management at the top, one or two programs have fallen by the wayside. But by and large, it has met with tremendous success.

He stated the other day that they have met with about 90-percent success in the placement of their trainees in gainful employment.

Another important feature of the program was the fact that they follow up for 1 year after the trainee leaves their center.

Mr. MITCHELL. I certainly agree with you, Mr. Daniels, that that is a wonderful program. And I think the provision of the O'Hara bill which provides for job coaching sort of writes into law the spirit that operates in the program that Reverend Sullivan has.

As you said, they follow up to see that even after people get on the job, they are able to keep it. And I fear that if we adopt the administration program, we would not have the kind of thing that Reverend Sullivan has already in operation, because under the many, many things that were operating in the city of Philadelphia, and other cities, we just never got this kind of thing off the ground until the Federal Government came through with these grants and programs that would help.

They brought in industry. General Electric came in, in this case, and a number of other things were adopted which made them workable.

I think if we send this back to the cities and States, as the administration bill proposes, we might as well say goodbye to the Reverend Sullivans and others, because they would be snowed under by the local and State political forces.

Mr. Daniels. Mr. Mitchell, I want to thank you for your testimony. You have been very helpful.

Mr. Mitchell. Thank you, Mr. Daniels.

Mr. Daniels. Our next witness is Mr. Stanley H. Ruttenberg, president of Ruttenberg & Associates, Washington, D.C.

STATEMENT OF STANLEY H. RUTTENBERG, PRESIDENT, RUTTENBERG & ASSOCIATES, WASHINGTON, D.C.

Mr. Ruttenberg. Thank you very much, Mr. Chairman. I am delighted to have the opportunity to accept the invitation of the committee to appear here today and discuss the manpower legislation, particularly with the background and experience of having served for 6 years in the Department of Labor as the Manpower Administrator and the Assistant Secretary of Labor for Manpower.

I have a prepared statement, Mr. Chairman, which I would like to go through, if I might.

I want to emphasize that I am here as a private citizen and not as the representative of any group or special interest. This statement and any comments I might make here this morning are based on my own experience in the manpower field. I offer them to you for whatever they are worth.

I support the general objectives of decentralization of operations, better planning, and sensible administration. In my judgment, no one of the three bills that are before the committee really deals directly with the seriousness of some of the problems. And I would like to speak to those problems in a moment.

But, first, I would like to say at the outset that the public service employment program as proposed in Congressman O'Hara's bill is wise, necessary, and an essential feature of any manpower program. It is a program which must be made available and operational to local communities. It is not just enough, as the Department of Labor is proposing now in the public service careers program, to provide for training of people who are employed in the public sector. It is essential that there be federally subsidized jobs in the public sector. And that is what Congressman O'Hara's bill does.

I would hope any bill reported out would include a public-employment program, as proposed in Mr. O'Hara's bill.

However, this is not the issue I want to discuss with you today. The principal issue in the development of comprehensive manpower legislation is the question of how manpower programs are going to be run. How can the separate pieces of manpower authority—pieces that Congress has enacted during the past 8 or 10 years in response to social and economic needs as they become identified and delineated—how can these be put together into a cohesive whole that makes sense?

None of the three bills that you have before you—neither the administration bill, nor the Steiger bill, nor the O'Hara bill—really deals adequately with this issue.

On the one hand, there is the problem of structural unemployment, to which are now being added the problems of cyclical unemployment. The structural problems are the results of many factors: discrimination, inadequate education, lack of skills, an archaic and even barbaric welfare system, geographic isolation, physical or mental handicaps, age, social alienation, and perhaps other causes.

On the other hand, we have a reasonably good kit of manpower tools to deal with these problems—including a capability for outreach, counseling, orientation, basic education, institutional-skill training, on-the-job training, work experience, coaching, placement, followup, bonding, mobility assistance, residential training, special programs for welfare recipients, for the young and for the old, and other forms of assistance. Putting the tools to work on the problems ought to be easy. But, as we all know, it isn't. It isn't, first, because funds have never been equal to the task and, second, because of the way the tools were developed, the halfhearted way planning is carried out and the way programs are actually operated.

There can be no disagreement that comprehensive manpower legislation is needed, and needed now. There are some specifics on pages 3 and 4 that I would like to refer to as terribly important in my judgment. These are—

> To establish a system that has a strong Federal presence, influence, and direction—with maximum local participation and involvement.
>
> To eliminate confusion and overlap of programs and thereby increase likelihood of achieving national goals.
>
> To make it possible to operate local manpower projects with maximum efficiency and maximum benefit to the individuals who need assistance.
>
> To encourage local flexibility in meeting local manpower problems.
>
> To reduce unnecessary administrative cost.
>
> To build a solid base from which we can move ahead to develop and carry out a fully effective national manpower policy.

Comprehensive manpower legislation cannot and ought not be developed in a vacuum. It must take into account the realities of the existing system. Moreover, it must recognize the weaknesses as well as the strengths of our multilevel system of Government.

It seems to me that none of the bills before you face these problems as they are.

Philosophically, I would like to agree with the approach of the O'Hara bill, to let the Secretary of Labor decide in each instance whether a sponsor is good or not and contract with him directly—whoever he might be—State, local, Government agency, private or public group. But such an approach is not practical. The manpower program is too large and too varied for this approach.

President Nixon has asked $3.3 billion for manpower for the next fiscal year. Such a massive program cannot practically be administered from Washington. It must be decentralized.

The Steiger bill, which turns over everything to the States, is equally unrealistic. The bill ignores the traditional disregard of urban problems which is characteristic of State governments. And Mr. Mitchell has so well addressed himself to that problem.

Moreover, the long-established State-city rivalries are further complicated by the domination of State legislature by suburban and rural interests and by frequent differences in political leadership at State and local governments. While manpower problems are not limited to the cities, they are to a large extent concentrated in urban areas, a fact which makes the proposed turnover to the States particularly imprudent.

The administration bill tries to draw a line between the two extremes of complete centralization of the O'Hara bill and complete decentralization to the States in the Steiger bill. But it also does not deal realistically with the situation as it is. As a result, the administration bill ends up being more a cleverly devised, but unduly complicated, administrative contrivance, than it is a workable solution to the practical problems of manpower-program operation, fund control, realistic planning or rational delivery of services.

To develop a comprehensive manpower system, one should start with the individuals who are the target of our national manpower efforts. What this means is that there must be in every community a full array of manpower services, arranged in such a way that each individual can take full advantage of those services. The array must be truly comprehensive and include the usual employment services—by that I mean assistance to individuals in finding jobs—services aimed at rehabilitation or preparation for employment, manpower-skill training, work experience leading to employment, and subsidized employment in the public sector. The services must be available to all classes of needy individuals as part of a unified program. No one group—welfare clients, for example—should be singled out and handled separately from the others.

A comprehensive system must meet federally determined national manpower goals, provide a viable planning mechanism, and effective operational machinery. And it must meet these basic criteria:

The system must allow for strong Federal direction to permit the attainment of national goals and fulfillment of public policy. This means Federal involvement throughout the manpower process, starting with the initial determination of long- and short-term goals. It includes setting standards, the determination and redetermination of sponsors of local programs, and continuous monitoring and evaluation.

Elected officials must be held accountable for both the planning and operation of manpower programs within their jurisdictions. This is necessary because public accountability can only be assured in the long run through political processes.

Giving responsibility to elected officials isn't enough to assure equitable treatment of the disadvantaged. Therefore, there must also be provision for participation of the people for whom the programs are intended both in their planning and supervision.

States have responsibilities which they must meet for the social and economic welfare of the people who live within their borders.

Manpower planning must be related to other social and economic programs in the community. We cannot afford to continue separate planning for coordinating economic and human development programs.

Manpower planning must take into account the availability of employment. Therefore, employers must be included in the planning process from the beginning.

Since the impact of manpower falls most directly on workers, labor must also be included in the planning.

Effective planning requires a leadtime long enough for the planners to weigh available resources against total needs. This requires at least a 2-year planning cycle.

Ultimately the success of the system lies in the hands of those who administer it. The quality of personnel depends on a well-developed program of training and recruitment.

Since a new organizational system cannot be successfully imposed without regard to the existing system, the establishment of the new system will have to be a phased operation—gradually moving from where we are to where we want to be.

I would add one more criterion to this list. Perhaps I should have made it the first instead of the last:

In my experience in government, and out, the simplest machinery works best. The government administrator's difficulties compound with each additional procedural requirement. Therefore, the system must be kept as simple as possible without eliminating or sacrificing necessary and useful checks and balances.

When measured against these criteria, it seems to me that the administration bill falls short in several important respects.

Let me state, parenthetically, here that one problem—and I state this in all seriousness, after having discussed the problem and listened to various administration witnesses testify—in discussing this bill is that it is hardly ever described by administration officials as it is written. It is hard to know exactly what is intended. Some specific points are:

(1) The bill does not protect the independent right of cities or other local communities to plan and operate their own manpower programs.

Although we are assured that Governors will pick the mayor of the central city of a standard metropolitan statistical area to be a prime sponsor, there is no such language in the bill. Local political responsibility is not required nor guaranteed.

Cities should be able to plan and operate their own manpower programs if they want to and have the capability. Moreover, in the case of large cities, they must be able to deal directly with the Federal Government in these matters.

States should have an opportunity to review and comment on the city plans. And if States can coordinate their other resources with the city plan, they should receive a bonus incentive. But they should not have a veto authority, as they do under the administration proposal.

(2) The concept of the SMSA as a manpower program area is not a practical solution to the unemployment problems of the hard core in our largest cities. It is based on the "overall economic development plan" concept of the old Area Redevelopment Act. It did not succeed there and it will not work here.

Metropolitan government may be the ideal answer to the many-faceted social, economic, and political problems of the SMSA's. But until metropolitan government is attained, I would not subject the administration of manpower programs to its vagaries. I would establish procedures, incentives, and mechanisms for the cities to get the participation of the suburbs. But I would not start with a metropolitan framework which does not exist.

(3) The Federal involvement is not strong enough in either the administration or the Steiger bill.

The maintenance of Federal influence and direction is absolutely vital to the achievement of national manpower objectives. The administration bill waters down that influence in several ways.

(*a*) Under section 104, it would appear that responsibility for evaluation is left to the Governors. For an effective national policy, it is essential that the Federal Government set standards, monitor performance, and evaluate programs. National goals are meaningless without strong Federal monitoring and evaluation.

(*b*) Sponsor designation must be a responsibility of the Federal Government. It must be clear that the operation of manpower programs is not given to any sponsor as a matter of right, but as a matter of privilege from the Secretary of Labor. What is given can therefore be taken away. By retaining the authority to designate sponsors, the Secretary maintains an effective check on the performance of sponsors. Delegation of this responsibility to the Governors, as the present administration bill proposes, weakens the Federal involvement and puts an undue strain on Federal capability for effective direction.

The only way around this dilemma is to make the Secretary of Labor responsible for sponsor designation from the start.

(*c*) A contract procedure under which designated sponsors enter into a contractual agreement with the Secretary of Labor permits a stronger Federal involvement in the program. Since the relationship is a direct one, I believe that it lends itself more readily to sustained Federal direction than a grant procedure.

(*d*) A fourth, but no less significant, diminution of Federal involvement is contained in the divided authority provided by the administration bill at the Federal level. The Secretary of Health, Education, and Welfare is given veto authority over significant portions of the manpower program—a situation which must result in confused administration and a weakening of Federal direction.

Here I cite an example of the CEP programs and how they were developed in 1967 and 1968, which I think supports that view.

(4) In trying to take a middle road, the administration bill has become too complicated to work.

I do not see the wisdom or necessity of setting up separate agencies to perform overall administration, operations, planning, and advisory functions. The functions of advisory planning organizations are vaguely defined and are, in any case, very likely superfluous. Moreover, the makeup of these boards is so large and varied that congenital paralysis seems inevitable.

I recommend a single local manpower board, under the chairmanship of the mayor, consisting of a limited number of representatives of the limited number of groups most directly concerned with manpower. Those are the poor, the employers, labor, and the school system. This local board would be responsible for both planning and overall administration of manpower programs. It would be the prime sponsor through which funds would flow. Operations could be contracted by this board to the agency best able to carry out the manpower programs.

I might add here, if the OIC in the local community is the one best able to carry out the program, they would, of course, be permitted to operate one of the aspects of the overall manpower plan.

Preference would be given to the local employment service, but only if it demonstrated ability to perform satisfactorily. The community action agency would not be precluded from full participation in the program. Its role would be determined by the mayor's committee.

The State organization structure should also be kept simple, with one umbrella agency at the State level, not two, as is now the proposal in the administration bill.

There is another area where the proposal seems needlessly complex, overburdened with unnecessary administrative layers. The grant procedure, and automatic pass-through to the cities, interjects an extra layer of administrative overhead. Once a plan has been approved, the pass-through procedure serves no purpose. Direct contracts between the Federal Government and the prime sponsors would eliminate a time-consuming procedural exercise as well as a whole echelon of paper-passing checks in the middle.

(5) The poor do not have an effective voice in the planning and supervision of the programs.

Under the administration bill, there is no real provision for the participation of the poor. I would suggest that the poor should be represented on the local manpower-planning committee, which is chaired by the mayor. They should have their own staff separately funded. This staff should work with the mayor's staff and the two groups forced to come to an accommodation so that the local plan in effect represents all interests.

The poor as represented by the community-action agency should not be precluded from any participation, as is the case in the administration bill, nor should they be allowed to operate completely independent of the local elected government.

My proposal provides a way for participation and effective cooperation with the elected government.

(6) None of the comprehensive legislation before you is truly comprehensive.

I agree with my good friend, Dr. Sar Levitan, who has testified before this committee, that this Congress has a unique opportunity to right some of the wrongs that exist in the present manpower framework. To leave out of these bills the work-incentive program, the parts of the Vocational Education Act program that are specifically designed for the disadvantaged and the handicapped, and the vocational rehabilitation program, is a mistake that will lead to a continuation of many of the same problems of cordination and control that we have today.

I understand that Dr. Calkins, Chairman of HEW's National Advisory Council on Vocational Education, has suggested that the 15 percent disadvantaged-vocational-education funds should be included in the overall manpower program. I welcome his suggestion. But I would also add the WIN program and vocational rehabilitation.

I have outlined here what I think are the chief problems with the proposals before you. In addition there are some minor flaws in the administration bill, which I would like to call to your attention. And I have mentioned about five of those.

Now, if I might go to page 18, my comments thus far have focused on the gaps which the legislation before you had left uncovered. I have not meant to imply by this discussion that there is nothing good in these bills. That is certainly not the case. In fact, the similarities of the bills, especially in their purpose and design, indicate a remarkable degree of agreement on the main problems and a sincere desire on the part of all the members of this committee to write legislation that will effectively deal with those problems. Some of the most innovative features of these bills deserve special mention.

The completion bonus included in the administration bill should help to solve the wasteful and difficult dropout problem that plagues many of our manpower efforts.

The automatic economic stabilizer, providing a triggered increase in appropriations when unemployment reaches 4.5 percent, is a good concept. However, as proposed, it is insufficient. Also, it should be applied selectively, that is, on a State or local basis, not national.

I support the proposal to boost the 10-percent automatic increase when unemployment reaches 4.5 percent by an additional 10 percent for each two-tenths percent increase in employment. Above that, I would also suggest that these additional funds be used only for public service employment programs, or for a deliberate lengthening of training in selected occupations, and not be used—the trigger funds not be used indiscriminately for any and all manpower programs or services, as the administration bill permits.

The inclusion by Mr. Steiger of specifically authorized amounts in the bill is desirable, as is his provision for special appropriation for a bonus amount to be given to Governors or States which meet certain requirements.

The proposal for the development and establishment of improved job-information and job-matching systems will fill a real need and should help to alleviate some of the problems of unemployment and underemployment.

An upgrading program, similar to the one included in the O'Hara bill, should be a part of any comprehensive manpower legislation. This is an important area that we have neglected for too long.

I have one other broad concern with all three bills, and that is the question of decategorization. This is a principle which all of us readily support. But I am not sure whether the support is given in full recognition of what the term implies. Even the administration bill does not decategorize completely, since it retains the Job Corps in a separate category.

If we are really serious, there can be no separate new careers program, and no public service careers program, and no institutional MDTA program. Decategorization means that Congress and the Federal executive will have to resist strong constituent pressure for a continuation of those and other programs. This means resistance to the vocational education people, to the National Alliance of Businessmen, to the new careerist, and so forth. We have to decide that we really mean to let local committees decide for themselves what they need.

Whenever there is a decision made at the top to reserve a certain amount of money for this or that program, that decision almost has to be reflected in a subsequent State and local division of the funds, dictated from the top.

I support decategorization, but I do not suppose for a minute that it will be easy.

The task which you have set for yourselves—to develop comprehensive manpower legislation that will correct present deficiencies, permit the achievement of national manpower goals in the most efficient way, provide for the full, but correctly balanced participation of all levels of government in our federal-state system, and give manpower policy the opportunity to fill its role as an integral part of both economic and social policy—and at the same time thread your way through the political and institutional forces that operate at full tilt in this area—this is very likely the most difficult task facing this Congress.

I would be glad to answer any questions. Thank you.

(Mr. Ruttenberg's full statement follows:)

Statement of Stanley H. Ruttenberg, President, Stanley H. Ruttenberg & Associates, Inc. (Formerly Assistant Secretary of Labor for Manpower)

Mr. Chairman, members of the Committee, thank you for this opportunity to discuss with you the issues involved in developing comprehensive manpower legislation. I want to emphasize that I am here as a private citizen, and not as the representative of any group or special interest. This statement and any comments I might make here this morning are based on my own experience in the manpower field. I offer them to you for whatever they are worth.

I support the general objectives of decentralization of operations, better planning and sensible administration. However, no one of the three bills before you deals with these objectives as well as it should and I will speak to these points in greater detail in a few minutes.

I would like to state here that the inclusion of a separately identifiable public service employment program, as in the O'Hara bill, is both wise and necessary. Public service employment must be an integral part of any comprehensive manpower package. It must be one of the options available to local communities in planning a comprehensive manpower program tailored to local needs. It is not enough to provide only training for employment in the public sector, as in the case of the Administration's new Public Service Careers program. There must also be federally subsidized jobs in the public sector. There are some people, or some places, or some times when federally supported public service employment is the only realistic solution to problems of unemployment. I cannot conceive of any new comprehensive manpower legislation being enacted without provision for such a program.

However, this is not the issue I want to discuss with you today. The principle issue in the development of comprehensive manpower legislation is the question of how manpower programs are going to be run. How can the separate pieces of manpower authority;—pieces that Congress has enacted during the past eight or ten years in response to social and economic needs as they became identified and delineated—how can these be put together into a cohesive whole that makes sense. None of the three bills that you have before you—neither the administration bill, nor the Steiger bill, nor the O'Hara bill—really deals adequately with this issue.

On the one hand, there is the problem of structural unemployment (to which are now being added the problems of cyclical unemployment). The structural problems are the results of many factors: discrimination, inadequate education, lack of skills, an archaic and even barbaric welfare system, geographic isolation, physical or mental handicaps, age, social alienation, and perhaps other causes. On the other hand, we have a reasonably good kit of manpower tools to deal with these problems—including a capability for outreach, counseling, orientation, basic education, institutional skill training, on-the-job training, work experience, coaching, placement, follow-up, bonding, mobility assistance, residential training, special programs for welfare recipients, for the young and for the old, and other forms of assistance. Putting the tools to work on the problems ought to be easy—but as we all know, it isn't. It isn't, first, because funds have never been equal to the task and second, because of the way the tools were developed, the half-hearted way planning is carried out, and the way programs are actually operated. There can be no disagreement that comprehensive manpower legislation is needed, and needed now:

to establish a system that has a strong federal presence, influence and direction, with maximum local participation and involvement;

to eliminate confusion and overlap of programs, and thereby increase likelihood of achieving national goals;

to make it possible to operate local manpower projects with maximum efficiency and maximum benefit to the individuals who need assistance;

to encourage local flexibility in meeting local manpower problems;

to reduce unnecessary administrative costs, and;

to build a solid base from which we can move ahead to develop and carry out a fully effective national manpower policy.

Comprehensive manpower legislation cannot and ought not be developed in a vacuum. It must take into account the realities of the existing system. Moreover, it must recognize the weaknesses as well as the strengths of our multilevel system of government. It seems to me that none of the bills before you face these problems as they are.

Philosophically, I would like to agree with the approach of the O'Hara bill—and let the Secretary of Labor decide in each instance whether a sponsor is good or not, and contract with him directly—whoever he might be; state, local government agency, private or public group. But such an approach is not practical. The manpower program is too large and too varied for this approach. President Nixon has asked $3.3 billion for manpower for the next fiscal year. Such a massive program cannot practically be administered from Washington. It must be decentralized.

The Steiger bill which turns over everything to the states is equally unrealistic. The bill ignores the traditional disregard of urban problems which is characteristic of state governments. Moreover the long-established state-city rivalries are further complicated by the domination of state legislatures by suburban and rural interests and by frequent differences in political leadership at state and local governments. While manpower problems are not limited to the cities, they are to a large extent concentrated in urban areas, a fact which nakes the proposed turnover to the states particularly imprudent.

The administration bill tries to draw a line between the two extremes of complete decentralization of the O'Hara bill and complete decentralization to the states in the Steiger bill—but it also does not deal realistically with the situation as it is. As a result the administration bill ends up being more a cleverly devised, but unduly complicated administrative contrivance, than it is a workable solution to the practical problems of manpower program operation, fund control, realistic planning or rational delivery of services.

To develop a comprehensive manpower system one should start with the individuals who are the target of our national manpower efforts. What this means is that there must be in every community a full array of manpower services, arranged in such a way that each individual can take full advantage of those services. The array must be truly comprehensive and include the usual employment services (by that I mean assistance to individuals in finding jobs), services aimed at rehabilitation or preparation for employment, manpower skill training, work experience leading to employment, and subsidized employment in the public sector. The services must be available to all classes of needy individuals as part of a unified program. No one group—welfare clients for example—should be singled out and handled separately from the others.

A comprehensive system must meet federally determined national manpower goals, provide a viable planning mechanism, and effective operational machinery—and it must meet these basic criteria:

The system must allow for strong federal direction to permit the attainment of national goals and fulfillment of public policy. This means federal involvement throughout the manpower process starting with the initial determination of long and short term goals, and includes setting standards, the determination and *re*-determination of sponsors of local programs, and continuous monitoring and evaluation.

Elected officials must be held accountable for both the planning and operation of manpower programs within their jurisdictions. This is necessary because public accountability can only be assured in the long run through political processes.

Giving responsibility to elected officials isn't enough to assure equitable treatment of the disadvantaged. Therefore, there must also be provision for participation of the people for whom the programs are intended both in their planning and supervision.

States have responsibilities which they must meet for the social and economic welfare of the people who live within their borders. They also have considerable authority and command over manpower and manpower related resources. These must be turned to serve national manpower goals.

Manpower planning must be related to other social and economic programs in the community. We cannot afford to continue separate planning for coordinate economic and human development programs.

Manpower planning must take into account the availability of employment. Therefore, employers must be included in the planning process from the beginning.

Since the impact of manpower falls most directly on workers, labor must also be included in the planning.

Effective planning requires a lead time long enough for the planners to weigh available resources against total needs. This requires at least a two-year planning cycle.

Ultimately the success of the system lies in the hands of those who administer it. The quality of personnel depends on a well developed program of training and recruitment.

Since a new organizational system cannot be successfully imposed without regard to the existing system, the establishment of the new system will have to be a phased operation—gradually moving from where we are to where we want to be.

I would add one more criteria to this list. Perhaps, I should have made it the first instead of the last.

In my experience in government, and out, the simplest machinery works best; the government administrator's difficulties compound with each additional procedural requirement. Therefore, the system must be kept as simple as possible without eliminating or sacrificing necessary and useful checks and balances.

When measured against these criteria, it seems to me that the administration bill falls short in several important respects. (Let me state parenthetically here that one problem in discussing this bill is that it is hardly ever described by administration officials as it is written, so it is hard to know exactly what is intended.)

1. *The bill does not protect the independent right of cities or other local communities to plan and operate their own manpower programs.*. Although we are assured that governors will pick the mayor of the central city of a Standard Metropolitan Statistical Area to be a prime sponsor, there is no such language in the bill. Local political responsibility is *not* required, nor guaranteed. Cities should be able to plan and operate their own manpower programs if they want

to and have the capability. Moreover, in the case of large cities, they must be able to deal directly with the federal government in these matters. States should have an opportunity to review and comment on the city plans, and if states can coordinate their other resources with the city plan, they should receive a bonus incentive, but they should not have a veto authority as they do under the administration proposal.

2. *The concept of the SMSA as a manpower program area, is not a practical solution to the unemployment problems of the hardcore in our largest cities.* It is based on the "overall economic development plan" concept of the old Area Redevelopment Act. It did not succeed there—and it will not work here. Metropolitan government may be the ideal answer to the many faceted social, economic, and political problems of the SMSA's, but until metropolitan government is attained, I would not subject the administration of manpower programs to its vagaries. I would establish procedures, incentives, and mechanisms for the cities to get the participation of the suburbs, but I would not start with a metropolitan framework which does not exist. I would not use *manpower* legislation to impose a metropolitan government on the SMSA's.

3. *The federal government is not strong enough in either the administration or the Steiger bill.* The maintenance of federal influence and direction is absolutely vital to the achievement of national manpower objectives. The administration bill waters down that influence in several ways.

(*a*) Under Section 104, it would appear that responsibility for evaluation is left to the governors. For an effective national policy, it is essential that the federal government set standards, monitor performance, and evaluate programs. National goals are meaningless without strong federal monitoring and evaluation.

(*b*) Sponsor designation must be a responsibility of the federal government. It must be clear that the operation of manpower programs is not given to any sponsor as a matter of right, but as a matter of privilege from the Secretary of Labor. What is given can therefore be taken away. By retaining the authority to designate sponsors, the Secretary maintains an effective check on the performance of sponsors. Delegation of this responsibility to the governors weakens the federal involvement and puts an undue strain on federal capability for effective direction. Indeed as the administration bill is written, the Secretary of Labor is put in an untenable position. He cannot realistically overrule the governor if the governor should happen to choose some sponsor other than the mayor of the central city. Nor is there any way for him to gracefully interject himself into a central city—suburb struggle after it has been allowed to develop. The only way around this dilemma is to make the Secretary of Labor responsible for sponsor designation from the start.

(*c*) A contract procedure under which designated sponsors enter into a contractual agreement with the Secretary of Labor permits a stronger federal involvement in the program. Since the relationship is a direct one, I believe that it lends itself more readily to sustained federal direction than a grant procedure.

(*d*) A fourth, but no less significant diminution of federal involvement is contained in the divided authority provided by the administration bill at the federal level. The Secretary of Health, Education, and Welfare is given veto authority over significant portions of the manpower program—a situation which must result in confused administration and a weakening of federal direction. (This contrasts with requiring only consultation with the Director of OEO—who perhaps has an even bigger interest in manpower programs.) The situation that has developed with the CEP program is a good case in point. CEP was intended to be a mechanism for the coordination of manpower programs at the local level. The first year, 1967, we did manage to pull together five separate categorical programs into a *single* contract with a *single* sponsor in twenty cities and two rural areas. Over the next two years, HEW waged a constant struggle to pull the MDTA institutional part of the CEP program away, leaving CEP without capability directly to offer occupational skill training—and indeed HEW has been successful: Skill training is no longer an integral part of the CEP. It is separately contracted, with a separate sponsor—the vocational education system. If CEP is not the complete success as a coordinating effort we had hoped, one reason is certainly because of divided authority at the top. I cannot see how the administration bill could do anything but make the situation worse in this regard. There is no question in my mind that coordination of federal manpower programs cannot succeed unless it proceeds from a single course of authority at the top.

4. *In trying to take a middle road, the administration bill has become too complicated to work.* I do not see the wisdom or necessity of setting up separate agencies to perform overall administration, operations, planning, and advisory functions. The functions of advisory planning organizations are vaguely defined and in any case very likely superfluous. Moreover the makeup of these boards is so large and varied that congenital paralysis seems inevitable. I recommend a single local manpower board, under the chairmanship of the mayor, consisting of a limited number of representatives of the limited number of groups most directly concerned with manpower. Those are the poor, the employers, labor, and the school system. This local board would be responsible for both planning and overall administration of manpower programs. It would be the prime sponsor through which funds would flow. Operations could be contracted by this board to the agency best able to carry out the manpower programs. Preference would be given to the local employment service, but only if it demonstrated ability to perform satisfactorily. The community action agency would not be precluded from full participation in the program; its role would be determined by the mayor's committee. The state organizational structure should also be kept simple with one umbrella agency at the state level, not two.

There is another area where the proposal seems needlessly complex, overburdened with unnecessary administrative layers. The grant procedure, and automatic pass-through to the cities interjects an extra layer of administrative overhead. Once a plan has been approved the pass-through procedure serves no purpose. Direct contracts between the federal government and the prime sponsors would eliminate a time consuming procedural exercise as well as a whole echelon of paper passing clerks in the middle. Instead of being passed through, why can't it be passed around, directly to the sponsors. I believe that states have legitimate responsibilities and a necessary role to fill, but I do not think that passing checks back and forth is the right answer.

5. *The poor do not have an effective voice in the planning and supervision of programs.* Under the administration bill, there is no real provision for the participation of the poor. I would suggest that the poor should be represented on the local manpower planning committee which is chaired by the mayor. They should have their own staff separately funded. This staff should work with the mayor's staff and the two groups forced to come to an accommodation so that the local plan in effect represents all interests. The poor as represented by the community action agency should not be precluded from any participation as is the case in the administration bill, nor should they be allowed to operate completely independent of the local elected government. My proposal provides a way for participation and effective cooperation with the elected government.

6. *None of the comprehensive legislation before you is truly comprehensive.* I agree with my good friend Dr. Sar Levitan, that this Congress has a unique opportunity to right some of the wrongs that exist in the present manpower framework. To leave out of these bills the Work Incentive program, the parts of the Vocational Education Act program that are specifically designed for the disadvantaged and the handicapped, and the Vocational Rehabilitation program, is a mistake that will lead to a continuation of many of the same problems of coordination and control that we have today. I understand that Dr. Calkins, Chairman of HEW's National Advisory Council on Vocational Education has suggested that the 15 percent disadvantaged vocational education funds should be included in the overall manpower program. I welcome his suggestion. But I would also add the WIN program and Vocational Rehabilitation.

I have outlined here what I think are the chief problems with the proposals before you. In addition there are some minor flaws in the administration bill which you should be aware of.

The allowance structure proposed in Section 109 of Title I seems to leave the young person aged 18 through 21 who is not the head of a household in a much more favorable position than younger or older trainees. He seems to be entitled to a full basic allowance, while the 16 or 17 year old gets a special youth allowance and the single fellow over 21 gets only half the basic allowance.

By completely separating the Job Corps from everything else, the Administration bill preempts residential training as a national program. There is no opportunity for local communities to include residential training in their locally developed programs. Residential training is as much a component of a comprehensive manpower program as is skill training or work experience or basic education, or any other. It must be one of the options available to communities in planning local manpower programs. There is a need for a national Job Corps, but only for those areas which cannot plan local residential training as a part of a local manpower program.

The proposed formula for distribution of funds to the SMSA's would result in less money going to the large cities in the big urban states that is presently the case. Moreover, by omitting the factor of unemployment from the city formula, the bill favors the rural areas at the expense of the urban areas. Of course, if the appropriation is made sufficiently large to ease the pain of readjustment for these cities, this need not be a problem.

From my reading of the bill, funds that are to be used to support Title III; the title authorizing research, a labor market information system, and the experimental and demonstration program—are to be drawn from the 25% of the total funds reserved by the Secretary of Labor and not apportioned among the states. I seriously question whether 25% is sufficient to take care of all of the demands made on this discretionary fund. If this title is funded from the 75% apportioned to the states (the bill is not very clear on this point) then we are in even more serious trouble. Neither research, nor E&D can be successfully carried out if they are delegated to the states—such a procedure completely negates the whole purpose of the program.

My comments thus far have focused on the gaps which the legislation before you has left uncovered. I have not meant to imply by this discussion that there is nothing good in these bills. That is certainly not the case, in fact, the similarities of the bills, especially in their purpose and design, indicate a remarkable degree of agreement on the main problems, and a sincere desire on the part of all the members of this committee to write legislation that will effectively deal with those problems. Some of the most innovative features of these bills deserve special mention.

The completion bonus included in the administration bill should help to solve the wasteful and difficult dropout problem that plagues many of our manpower efforts.

The automatic economic stabilizer, providing a triggered increase in appropriations when unemployment reaches 4.5% is a good concept. However, as proposed it is insufficient, also it should be applied selectively; that is on a state or local basis, not national. I support the proposal to boost the 10% automatic increase when unemployment reaches 4.5% by an additional 10% for each two-tenths percent increase in unemployment. I would also suggest that these additional funds be used only for public service employment programs, or for a deliberate lengthening of training in selected occupations, and not be used indiscriminately for any and all manpower programs or services as the administration bill permits.

The inclusion by Mr. Steiger of specifically authorized amounts in the bill is desirable as is his provision for special appropriation for a bonus amount to be given to governors of states which meet certain requirements.

The proposal for the development and establishment of improved job information and job matching systems will fill a real need and should help to alleviate some of the problems of unemployment and underemployment.

An upgrading program, similar to the one included in the O'Hara bill, should be a part of any comprehensive manpower legislation. This is an important area that we have neglected for too long.

I have one other broad concern with all three bills, and that is the question of decategorization. This is a principle which all of us readily support, but I am not sure whether the support is given in full recognition of what the term implies. Even the administration bill does not decategorize completely, since it retains the Job Corps in a separate category. If we are really serious, there can be no separate New Careers program, and no Public Service Careers program, and no institutional MDTA program. Decategorization means that Congress and the federal executive will have to resist strong constituent pressure for a continuation of those and other programs. This means resistance to the Vocational Education people, to the National Alliance of Businessmen, to the New Careerist, and so forth. We have to decide that we really mean to let local committees decide for themselves what they need.

Whenever there is a decision made at the top to reserve a certain amount of money for this or that program, that decision almost has to be reflected in a subsequent state and local division of the funds, dictated from the top. I support decategorization but I do not suppose for a minute that it will be easy.

The task which you have set for yourselves—to develop comprehensive manpower legislation that will correct present deficiencies, permit the achievement national manpower goals in the most efficient way, provide for the full but correctly balanced participation of all levels of government in our federal-state system, and give manpower policy the opportunity to fill its role as an integral part of both economic and social policy—and at the same time thread your way through the political and institutional forces that operate at full tilt in this area;—this is very likely the most difficult task facing this Congress. I would be glad to answer any questions. Thank you.

Mr. DANIELS. Mr. Ruttenberg, I want to thank you for your very comprehensive analysis of the bills before us.

You are very critical of all three bills before us. However, which approach would you sincerely recommend that this committee follow? You are in favor of decentralization, with proper planning. Is that correct?

Mr. RUTTENBERG. That is correct. I would take the O'Hara bill and the administration bill and combine the two into an approach which would, in effect, make sure:

One, that there is decentralization to State and local levels, which the O'Hara bill does not do.

But, second, while you decentralize, do what the administration bill doesn't do; that is, maintain a strong Federal presence, Federal involvement and Federal direction, Federal determination of national manpower goals, assuring that there is complete involvement of the Federal Government in the determination of the goals and objectives and in the planning and approval of the program as they come forward.

Third, I would add to the administration a concept which is only partially in the administration bill: namely, to make sure that there is a pass-through, or pass-around, of funds to the local city.

Fourth, the local city's plan should be prepared under the direction of the mayor, and that that plan should then be sent, not to the Governor for review or veto, but directly to the Federal Government.

Fifth, if the Governor objects to the inclusion of certain items in the city plan, let him present his objection to the Federal Government, to the Manpower Administrator or the regional structure that is established. But the mayor's program should come forward to the Federal Government.

Mr. DANIELS. Then you would not have this pass-through as the administration bill proposes, giving the Governor the veto power?

Mr. RUTTENBERG. I would not give the Governor veto power. I would add to this one other aspect, which neither the O'Hara bill nor the administration bill makes provision for. I think you have to have the involvement of the local poor and the local indigenous groups, whether they are minority, disadvantaged, or what-have-you, at the local level. And I think they have to be involved in the planning board and involved in a way which is meaningful, which gives them a feeling of participation, but not the power of veto, which is, in effect, what the local poor may have if one looks at the ways in which some of the community action agencies have operated. But, on the other hand, the mayor should not have the power to override the wants of the poor, but the mayor and the poor must confront each other. The poor who have developed their own plan working on the committee with a staff and the mayor with his committee staff to confront each other.

I think this way you get maximum involvement of the poor without having full and final authority given to the mayor to decide what to do.

Mr. DANIELS. You approve of decentralization, and you also state that power should remain with the Secretary of Labor to constantly review these programs, to make the grants in the first place, to analyze any objections that may be made by the Governor or anyone else to these programs, there should be the continued Federal involvement.

Now, in the course of your statement, you said that the administration proposes to spend $3.3 billion on this program, that this is too large a program for the Secretary to handle. Now, how do you justify those two statements?

Mr. RUTTENBERG. This goes, Mr. Chairman, to my feeling that the O'Hara bill as it stands is not sufficient to handle the problem. I don't think you can run a $3.3 billion program—and when I was Manpower Administrator, the program was in the neighborhood of $2.5 billion—you cannot run it from Washington. You cannot possibly determine from Washington all the sponsors and all the individuals who should operate at a local level, nor can you determine what the composition of a local plan ought to be.

Therefore, I think the O'Hara bill doesn't go far enough. It should, but mind you, within the concept of the O'Hara bill, it is possible to do what I am talking about; namely, decentralize out to the regions throughout the country, let the State—give the State some authority, which, of course, the O'Hara bill doesn't do directly, but permits, if the Secretary of Labor so decides. So I think it is possible to maintain Federal presence and Federal influence through decentralization.

Mr. DANIELS. Inasmuch as you are going to take that power away from the Governors as proposed in the administration bill, what you are now recommending—would you do it by setting up regional offices representing the Secretary of Labor?

Mr. RUTTENBERG. Yes. The present regional offices that now exist in the manpower—the regional manpower administrators—the city plans would come to the regional office for review and approval. The manpower administrators would be authorized to carry out on behalf of the Secretary of Labor.

Maybe Congressman O'Hara in his bill implies this is the way it could operate. I hope he does. It can't be operated from Washington. You have got to decentralize to the regions with strong, forceful regional officers, regional manpower administrators, who can work directly with the Governors and the cities.

I would give some authority to the Governors. I would give some authority to the mayors. But I would keep a very careful monitoring and evaluating authority at the regional office to make sure that the Governors and cities really perform in accordance with the objectives stated by the Federal Government.

Mr. DANIELS. Do you see a role to be played by the SMSA?

Mr. RUTTENBERG. I do not, actually, in terms of the manpower programs, think that you can give authority to SMSA, because it is too large. There is no central person who is responsible. The authority is dispersed between county officials, city officials, local mayors of areas. You just cannot operate a program unless you decide to give to one person in an area, who is politically responsible to an electorate, the responsibility for handling the program.

The way I would handle the SMSA is, in effect, to say to the mayor of a big city, "It is your responsibility to work out with the surrounding suburban areas your problems of handling your disadvantaged and minority people whose jobs might be out in the suburbs, but those homes might still be in the city"; provide some kind of incentive, some kind of direct encouragement to the mayors to work with the suburbs, but not to give the authority to the suburbs. I would do this—I would do this until such time as we really organized a metropolitan government that would enable one to go to one authority within the metropolitan area and have some decisions made.

Until you have the metropolitan authority, I would sooner stick with the mayor and give him incentives to work with the surrounding areas.

Mr. **Daniels.** Do you agree with Mr. Mitchell in his comments on this matter?

Mr. **Ruttenberg.** I think he said that it was wrong to go to the SMSA, because in a sense the minority individuals would not receive as much attention or concern, and their problems would be lost and dispersed within the community that has encouraged the whites to move out into the suburbs. I agree with that general statement that Mr. Mitchell made; yes.

Mr. **Daniels.** What role do you believe CAMPS should play in this program?

Mr. **Ruttenberg.** The present CAMPS system is something that I point back to, saying that I was responsible as the Manpower Administrator for putting into effect. It was the best thing that we could find at that point in time on a voluntary basis to bring people together so that everybody who was administering programs, and so forth, would understand what was going on.

CAMPS is nothing but an organization that shares knowledge. It doesn't have authority, doesn't administer, doesn't come forward with a real plan as such. I would absorb the concept of CAMPS within State planning committees and the local planning committees that I have suggested.

Mr. **Daniels.** I would like to have your views with reference to the public service employment programs. You recommended that these programs should be subsidized. And in talking about subsidization, would this come entirely from the Federal Government, or should there be an equal contribution by local governments?

Mr. **Ruttenberg.** Mr. Chairman, I think we need to differentiate between two types of programs. I think we need to have as a manpower tool and a manpower program a public service employment program which is completely, federally, subsidized and run, in which local communities will be given funds to hire individuals and put them on the payroll to do the vital and necessary public-employment things that need to be done in the community in the field of health, education, welfare, and transportation, and so forth.

I think that is essential, because there are, in periods of even low unemployment, certain individuals who just aren't going to be able to be fully involved and prepared and trained for fully paid jobs in the public or private sector. And in periods of rising unemployment, obviously, we need a federally subsidized, 100 percent, program.

In addition to that, we need to have a public service careers program, which is one that the Department of Labor is talking about. And one has to understand it is a completely different kind of program.

A public service careers program, in effect, trains people for employment in the local community or in the State, but on the payroll of the State or local community, as distinguished from having their pay or stipend picked up by the Federal Government, which is what you would have in the public service employment program.

Mr. DANIELS. Do you think that should be the subject matter of a separate piece of legislation, or should it be incorporated in an omnibus manpower bill?

Mr. RUTTENBERG. I would like to see a public employment program with Federal subsidization of the entire program included in a comprehensive manpower bill.

Mr. DANIELS. Mr. Ruttenberg, you have been very, very helpful, and I want to express the thanks of the committee for your testimony here today. You have really given me something to think about very, very carefully before we report out a bill.

Mr. RUTTENBERG. Thank you very much, Mr. Chairman.

Mr. DANIELS. The subcommittee will stand adjourned until 10 o'clock tomorrow morning, when we will meet in this room.

(Whereupon, at 11:50 a.m. the subcommittee recessed, to reconvene at 10 a.m. on Wednesday, March 4, 1970.)

MANPOWER ACT OF 1969

WEDNESDAY, MARCH 4, 1970

HOUSE OF REPRESENTATIVES,
SELECT SUBCOMMITTEE ON LABOR,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10:15 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. William A. Steiger presiding.

Present: Representatives Steiger and Gaydos.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant; and Charles Radcliffe, minority counsel for education.

Mr. STEIGER. The subcommittee will come to order.

The first witness this morning is Dr. Garth L. Mangum, of the University of Utah, testifying on bills H.R. 10908, H.R. 11620, and H.R. 13472.

Mr. Mangum, it is a pleasure to welcome you to this subcommittee this morning. You may proceed in any way you wish. If you want to summarize, your statement will be made a part of the record, or you may proceed in any way you desire.

STATEMENT OF DR. GARTH L. MANGUM, McGRAW PROFESSOR OF ECONOMICS, UNIVERSITY OF UTAH, SALT LAKE CITY, UTAH

Dr. MANGUM. Thank you, Mr. Steiger. I will submit my written testimony for the record.

(The statement referred to follows:)

TESTIMONY OF DR. GARTH L. MANGUM, McGRAW PROFESSOR OF ECONOMICS, UNIVERSITY OF UTAH, SALT LAKE CITY, UTAH

The three bills before this Subcommittee are the latest but not last step in a, to now, eight year experimental effort. Its objective has been to develop an effective system for remedying the disadvantages of a numerous and widely varying population who find it difficult to compete successfully in the labor market. Nearly every imaginable service which might lessen those disadvantages has been tried. The critical problem at the moment is to develop an effective delivery system. The current delivery system has at least three shortcomings:

(1) The individual programs which emerged from the trial and error process require the needy individual to adapt to program requirements rather than having a variety of service functions packaged to fit his needs.

(2) The necessary federal initiative resulted in nationally set policies which may or may not coincide with local conditions.

(3) There is an almost total lack of accountability; programs are not effectively monitored or evaluated, and program operators are not rewarded according to performance and achievement.

The three bills before this body are aimed at improving this situation and any of the three would undoubtedly do so. All agree on the need to decategorize programs, pooling all budgets, authorizing all conceivable services, adapting the mix to local and individual need. They differ on the appropriate means for the second objective—decentralization. Before discussing the relative strengths and weaknesses of the latter proposals, it may be useful to summarize the manpower policy experience of the last few years by function, program and agency. In doing so in a few brief pages, oversimplifications will be gross but the characterizations reasonably accurate.

A FUNCTIONAL APPROACH TO MANPOWER PROGRAMS

The manpower policy lexicon contains new terms and concepts emerging from the experiences of the past eight years. In general, a manpower service system is expected to:

—search out the disadvantaged (outreach)
—bring them in for service (intake)
—and identify their needs (testing)
—acquaint them with the requirements of the world of work (orientation)
—give them enough exposure to alternative occupational choices to aid valid vocational decisions (prevocational training)
—offer remedial basic education including language training as necessary
—provide entry level skill training for those not prepared for more extensive training
—use work experience as a method of training
—counsel the enrollee in choosing an occupation changing life styles and solving personal problems
—furnish relocation assistance as needed
—convince an employer to accept the disadvantaged employee, if necessary restructuring the job to fit the individual's capability and subsidizing the employer's hiring costs (job development)
—follow-up with a job coach to assist adjustment to work discipline
—provide various supportive services, depending upon personal obstacles to employment.

Since each of these service functions may be critical for a particular individual at a particular time, a complete manpower system would offer all of them. However, some are more important than others in the general case. Which should have priority requires diagnosis of causes. The initial notion was that failure to find employment during periods of high economic demand was evidence of personal deficiencies with skill training the best answer. This worked well for those who lived where jobs were available and were not overburdened by personal problems or blocked by discrimination. Limited success in central cities caused a shift in diagnoses with emphasis on institutional obstacles. Changing the hiring practices of employers became the priority and funds were withdrawn from institutional training and reallocated to subsidizing private employment. With two years' experience it appears that some employers have the will to hire the disadvantaged, the staff and the profit margins to do so, and the kinds of jobs which can be filled by those with little skill. Others do not and want their employees "processed" to some minimum standards. Slackening labor markets then began to reverse the hiring process, trying up new slots and causing familiar "last in-first out" layoffs.

In retrospect and without reviewing the entire list of manpower functions, outreach has been rarely necessary since "walk-ins" have exceeded the limited capacity of the programs. Basic education (including language training in certain areas), skill training and job development have been the key functions, ingeneral. Work experience has been the most disappointing.

In program terms, this means that MDTA and NAB–JOBS have been the most important and most promising, though each individually has experienced limited success. Neighborhood Youth Corps, Operation Mainstream and such work experience programs have provided income and, by and large, useful activity to the poor but have done little to increace employability. MDTA by itself has served well those lacking only skills for access to jobs. In the central cities, it has too often been limited to preparing for low level, unattractive jobs which most could have obtained without training or providing a hunting license to search for unavailable jobs. Job development, in these circumstances, is as critical as basic education and skill training. The subsidized private employment of NAB–JOBS appears to be the best way yet devised to develop jobs for the disadvantaged. But too few employers are wiling or able to provide decent jobs to the disadvantaged worker still encumbered by all of his personal disadvantages. Functionally, to marry basic education and skill training with a guarantee of employment through temporary subsidization is the most promising combination. In programmatic terms this would encompass a merger of the MDTA institutional and NAB–JOBS opportunities.

The slackening of job markets makes such a functional merger imperative, but for the reverse reasons. Unless institutional training provides a buffer for the laid-off NAB–JOBS enrollee, keeping him in the system and improving his skills, he will be back on the streets with his previous convictions about society's false promises reinforced.

The failure of work experience programs is disturbing. Most workers learn their jobs on the job. Why haven't they been made more employable as the result of program participation? My guess is that it is because neither administrators or enrollees consider enrollment to be the equivalent of a job. They welcome income and activity and consider the objectives achieved. This doesn't mean private employment is the only answer. It means that the jobs must be real. A program of subsidized public employment should have the same advantages and weaknesses as the program of subsidized private employment. Money could be better spent there than in work experience.

SHORTCOMINGS IN DELIVERY SYSTEMS

The delivery systems for the manpower services remain in disarray. The Concentrated Employment Programs (CEP's) was to bring all programs and services under the roof. If services could not be tailored to individual need, at least the individual should have a choice among the available programs. MDTA and WIN have remained outside of CEP. The critical function of skill training was absent. Job development has had limited success. Work experience programs were primarily places to park people while searching for something better for them. For most CEP enrollees there was simply no place to go.

CAMPS planning has improved but is still best described as "separate agency plans held together by a common staple." Few would take seriously a planning process which lacked the power to reallocate budget and staff.

Glaring at the local level almost everywhere is the lack of any form of integrated planning and coordinated administration. States and others respond to the availability of federal dollars and almost entirely on federal terms. The durability and imperviousness of walls between programs, even those operated by the same agency is amazing.

Many state employment services have improved notably in their commitment to serve the disadvantaged; others not at all. Few Community Action Agencies have developed into effective deliverers of manpower services. Yet their vital role in community organization might not survive without the patronage available through manpower programs. Employment services are still able to play off their governors and the federal agency against each other. State and local public schools have many higher priorities than manpower programs.

The Labor Department's field staff is overwhelmed by the responsibility of negotiating, extending and renegotiating 30,000 contracts with 10,000 prime sponsors. Overall program evaluation has improved greatly but monitoring and evaluating of local performance is almost nonexistent. Budgetary processes tend to distribute funds unrelated to performance in program administration. Thus accountability suffers. The appropriations process can only be described as ridiculous.

A few governors and mayors have "grasped the nettle" and are creating their own devices for bringing their own manpower agencies under control and coordinating or consolidating their efforts. Most act as if manpower programs did not exist.

This characterization is overdrawn because it is designed to identify shortcomings and does not list strengths and notable accomplishments. The progress of eight years in the manpower policy business is still commendable. The business at hand is further improvement. The comprehensiveness endorsed by the bills under consideration will not solve the complex basic problems of personal deficiencies, locational obstacles, educational shortcomings, discrimination and the lack of enough decent jobs at adequate pay. They can tidy up program administration, increase flexibility and adaptability and add to accountability.

THE APPLICABILITY OF THE LEGISLATIVE PROPOSALS

As a member of the National Manpower Policy Task Force, I endorse in general terms the position paper we issued last week entitled, "Improving the Nation's Manpower Efforts." I wish only to emphasize and add a few points relative to the above analysis.

The need to decategorize programs, I consider unchallengeable the bills are deficient only in that they encompass only MDTA and the Economic Opportunity Act. The same logic would add WIN, Vocational Rehabilitation and establish ties with Vocational Education for the disadvantaged. The main obstacles are committee jurisdiction and the provisions of the bills giving primacy to the Labor Department. The broader consideration is precluded for the moment. A comprehensive manpower delivery system at the local level which includes these budgets and services as well should be recognized as desirable.

There is no good answer to the relative federal, state and local roles in the delivery of service. The current contract negotiating and administering responsibility is beyond federal capability. States could be effective agencies for decentralization but only if they have the commitment and the staff. Staff can be trained. Real commitment requires conversion; a reasonable equivalent can be bought, but only with a forceful monitoring presence. Labor markets overlap political jurisdictions and no meaningful metropolitan government exists. Each bill wrestles with their problem and each reaches its own unsatisfactory compromise.

If the administering federal agency has the courage and political backing, it can delegate to the states and still enforce accountability. There is to now no working model. Cities large enough to have Congressmen whose political allegiance is to districts within that city will demand direct access to Washington. Despite "one man-one vote," many governors do not yet understand and care about urban problems. Yet every city cannot mount the staff capability for manpower planning and program administration. Every SMSA is probably still too many jurisdictions to treat individually and there should be some minimum cut off for the pass-through.

A key concept of all three bills is to take policy-making from bureaucracies and vest it in (or impose it upon) elected chief executives. This may well be an unadmitted focal point of opposition to the proposals. It has the advantage that poor service can be penalized at the ballot box—but only where the target groups have access to the ballot box. It also opens possibilities for competition and accountability. Rather than having a residual right to programs, state and local agencies must deliver or their assignment can be shifted elsewhere. In this regard, the Administration bill makes a mistake in singling out the employment service as the key agency, if only by implication. The employment service will undoubtedly be the key deliverer of service, but it should have to compete for that role, not only on a state-wide basis but by city. A third potential advantage is also threatened by the language of the Administration bill. Each governor and big city mayor should be given responsibility to produce a plan and administer a comprehensive program but left to design his own administrative machinery. There is no reason for national uniformity. Effectiveness rather than form is the objective.

The major opposition to the proposals appears to come from the education establishment. Their charge of a "dual education system" is unrealistic because it ignores the facts that MDTA already exists and the bills add nothing that is not already in MDTA and the Economic Opportunity Act. More basic objections is the strengthening of the Labor Department vis-a-vis HEW and of governors vis-a-vis state education hierarchies. The latter are desirable. The former not so. The Labor Department has tended to undervalue institutional training while HEW has not recognized sufficiently the limitations of institutional training when not tied in with job development and placement. The proposals could be strengthened objectively and politically by assurance on that point. In fact, with the guarantee of a stronger education role, it might be possible to win a linkage with vocational education and vocational rehabilitation.

None of the bills give sufficient explicit recognition to the roles of staff training, research, experiment and demonstration and evaluation. Budgetary practices should be addressed more specifically. Two year funding is essential and so is a larger total appropriation. A public service employment provision has been recognized for several years as one of the gaping holes in the package of manpower services. The 10 percent automatic increase in manpower funds as an automatic stabilizer would be helpful but very small. If 10 percent is good, why is not 25 percent better? Shouldn't the amount rise as unemployment rises, as it will, above 4.5 percent?

The three bills before this subcommittee are addressed to an important need. It is rare to be able to say of a number of proposals that any one would be an improvement. All three have strengths which could be merged into a major contribution to the long-range development of manpower policy.

Dr. Mangum. There is certainly nothing about this business that I can tell you that you don't know about, Mr. Chairman, but I will make a few introductory remarks. Then I would like to be at your service to the extent that I can answer any questions.

The situation before the subcommittee is rather unique in that there are three pieces of legislation involved, any one of which would make a notable improvement in the system of delivery for manpower services. Yet, no one of these meets all of the needs and the problems.

This doesn't mean that the administration of manpower programs in such bad shape that any change would be an improvement. It just means that people in Congress and in the administrative offices who are very knowledgeable about the needs in manpower programs have thought very carefully through those needs and have come up with some very closely related recommendations. They would not serve as panaceas but would make an important improvement in the way we administer the programs and in the way we deliver manpower services.

For about 8 years we have been experimenting in an area where we never had any experience before, where we were really identifying a new set of problems for a population that had formerly been neglected.

We are now at a stage where the need is to identify the lessons that have been learned over the years and to consolidate those gains. One of the most important of those lessons has been the identification of a series of service functions that seemed to be necessary for various members of the target groups, no one of whom needs all of the services. We have to find some way of delivering this set of fairly well-known functions.

I will mention something about some of the functions, something about some of the programs, and something about some of the agencies involved at the State and local level, and then summarize some of these problems.

It seems to me that out of this experience we come up with two really critical manpower service functions, the one being the provision of skills, both remedial education and skill training, and the other job development. In program terms, that means the most important of all of the programs have been MDTA and NAB-JOBS. Each has made great contributions, but both have very serious problems.

The original assumption in the manpower programs was that the primary deficiency was within the individual, that if the individual would be provided with skills he could find himself a job. This turned out to be true for those people who were located where jobs were, but for many people in the central city ghettos and in depressed rural areas, it turned out not to be true. You could provide them with a skill, but what you were providing them with all too often was a hunting license to look for a job that did not exist.

As usual, we overreacted and decided the problem was with the hiring system. If we could change employment patterns or housing patterns or transportation patterns, then the people could get the jobs. For instance, the NAB–JOBS program: if we could get employers to change their practices, then the disadvantaged could get jobs in private employment. If necessary, could subsidize the costs of hiring them and training them where necessary.

The experience has been that many employers have done this and have done it effectively. But most employers desire some type of processing of the individuals prior to hiring because they themselves lack the staff to do the training. They don't have the staff, the profit margins and the familiarity with Government to get involved.

Therefore, what we should be searching for is some way of linking up the remedial skill training process with the job development process. Then we could, in effect, say to the disadvantaged person, "If you will go through a training experience, we will guarantee a good job upon completion."

In terms of agencies, we have had established agencies with a lot of experience and expertise, but who have tended, as professional organizations very often do, to run their business for the good of the organization. They have sometimes not been as concerned for the target groups as they might have been. Because some felt that these established agencies were not willing to or capable of dealing with the disadvantaged, there were attempts to set up competitive institutions to perform the placement, training, and other services. Out of that experience we have learned that these organizations such as community action agencies, have had the right commitment, the right devotion to serving the target populations, but have lacked the skills.

Their contribution has been a very important one, but more in organizing the target groups to seek services than in the actual delivering of services. Therefore, so another part of the problem of developing the right delivery system is to find a way in which these ad hoc, indigenous community organizations can demand service for their clients in some reasonably orderly way and yet have the professional delivery of high-quality service.

The bills before this subcommittee are concerned with decategorizing and decentralizing the manpower programs. This is a very important task. Two of the critical problems that have come out of this experience is that we have a lot of individual programs, each of which has its own eligibility rules, its own target groups, its own services to deliver, but which require the individual to adapt to the requirements of the program in order to be served. We lack ability to package these manpower service functions to fit the needs of individuals. Also, because of necessity, we had to rely on Federal initiative in starting this whole range of programs. The tendency has been to have nationally uniform programs which may or may not fit the needs of a particular community. We need more adaptability and more of a community-State role in shaping the delivery of services to their needs. Each of these bills tries to get at those two problems.

A third, problem which is related at least to two of the bills, is that of accountability. We still haven't found a very good way of measuring what happens in the programs, rewarding the administrators for good performance and chastising them for less than good performance. We must have some way of knowing how well the stewardship is being met by State and local units.

Throughout the country many State and local governments are beginning to recognize this set of problems. Within the context of the Federal legislation, a few States and a few localities have begun to put together their own manpower planning and delivery operations. Their goal is to take the set of Federal programs and insofar as possible adapt them to the needs of the locality and the needs of the target groups in their particular communities.

I have had the interesting experience recently of working with the program which, I think, is furthest advanced in this regard, the Utah State Manpower Planning Council. It goes further than planning in that it has operational power and involves the Governor directly in this process of making manpower decisions. Discussion of that experience might be helpful.

You have my testimony before you, Mr. Steiger. If there are any questions on it or anything that I have said that you would like to ask me to reflect upon, I would be very happy to be at your service.

Mr. STEIGER. Without objection, the statement will be made a part of the record preceding your summarized statement.

You have been involved in some evaluation of the present programs. Can you give us some idea as to which programs work with evaluating and in what cities? Also what kind of ideas, suggestions, or experiences can you relate to the committee which would be helpful?

Dr. MANGUM. Perhaps I should say that I served as staff director of the Senate subcommittee charged with formulation and passage of some of the early manpower legislation. Later as executive director of the President's Committee on Manpower, I had some involvement in the early developments in the administration of manpower programs. For the last several years, now going into 5 years, I have been financed, along with Dr. Levitan, who has already appeared before the subcommittee, by the Ford Foundation in an on-going evaluation of all the manpower and antipoverty programs. At one point or another I have been rather deeply immersed in all of them.

Currently having some concern for the way the programs are working out at the local level, I have been engaged in a comparative study where we have tried to measure the total impact of manpower programs on some in several cities. We are trying to ask in what way each city differs today from what it would have been had there never been a manpower program? Also, what are the ways that the local political and economic environment impact on the programs?

I can reiterate what I have said. After looking at many of the service functions that occur within these programs; that is, such things as outreach, intake, orientation, remedial education, prevocational training, skill services, supportive services, and all those, although they all make their contributions, the really critical ones are the ones I have mentioned.

1. To take people who lack skills, basic education and even skill with with the English language and give the necessary skills of employability.

2. To link up that training with some kind of job development process so that the individual who gets his hopes built up and invests

a good many weeks of time in study to prepare himself for employment can step into a job rather than going through the frustrating situation of seeing himself right back on the street again.

Now we face another frustrating problem. Very often people who have made the transition from the training program into the job are now finding themselves back out on the street as the number of jobs available in the economy decline.

Once again, I would emphasize remedial education, language training, skill training, and the linkage with some kind of a job through some kind of a job development process as the essentials. Therefore, the MDTA institutional program, with particular emphasis on the experience of some skill centers around the country, is one essential element, and tying it to the NAB-JOBS program or its equivalent is the other.

To now, there has been very little linkage. There were attempts in the early MDTA program to link the institutional and the on-the-job training, programs, but it turned out to be a very tough thing. The two groups of administrators did not cooperate well and employers were reluctant to promise jobs in advance of training.

Mr. Steiger. How do we try to go about working that on the MDTA from where we are now?

Dr. Mangum. Both are completely separate pieces of machinery at this point.

It might be possible in the contract program where employees are reimbursed for the hiring of the disadvantaged to write out the contract while it is being negotiatiated some use of a training center. be it a skill center run through the public schools or a consortium run by the employers themselves. Some have put together the equivalent of a skill center and run it as a private operation. At any rate there could be some contractual tie between training and placement.

The consortium has worked out well in one place that I am aware of simply because of the commitment of one employer: But I don't see any reason why the same concept could not be written into a contract using an MDTA skill center.

Another advantage, which is becoming increasingly important, is the possibility of creating a reversible process. You could very well write into that same contract a reversal so that when an individual placed on a job through the program faces a layoff, such as the people in Chrysler and Boeing, and other places, who came through this program have recently done, he could be bumped back into the skill center. Here he could get some further training and upgrading, along with a stipend; since we are probably going to provide him some income maintenance. This would be better than seeing him kicked back out into the street and having the frustration of going back through the cycle and right back where he started.

Mr. Steiger. Where is the consortium working?

Dr. Mangum. The one I am thinking of is in San Francisco. It is, in effect, underwritten by the Lockheed Aerospace Corp. It really has about 90 different firms as members, but actually Lockheed has underwritten it and has guaranteed all the other participants if they lose money on this deal, Lockheed will make it up.

Lockheed has really filled a public role that I think you couldn't find duplicated anywhere else in the country. It is the role a public agency could fill to guarantee both the individual against loss of job and the company against loss of money.

Mr. STEIGER. Have you an example of a situation under NAB–JOBS where they are using the skill center for public vocational skills training?

Dr. MANGUM. There are none occuring in any of the cities I have been studying. I have been told that they do exist around the country, Mr. Chairman, but I have never observed one. Therefore, I wouldn't be qualified to comment on them.

Mr. STEIGER. Would you have any further expansion of the situation in Utah as to this being a model for direction in which the States ought to go?

Dr. MANGUM. Yes. I think there are several insights, some of them which reflect on the bills and which I have commented on here. For one thing, I have made the point in the written testimony that, from our experience in Utah, it would be undesirable for Federal legislation to fix too tightly the model for administration at the State level.

For instance, our program, which is pretty well advanced, would not be completely in accord with the pattern that is set down in the administration's bill. It could probably continue to exist, depending up the way the language is interpreted. I don't see any reason why it should be prescribed that States should have separate planning and organizing agencies, for instance.

Our experience, which is very much in accord with what has occurred elsewhere, is that planning as planning means nothing. That planning which is not directly tied to the allocation of dollars is not going to be paid any attention to by anybody. It is a fact that if an organization can plan and can move staff and can move dollars as a result of the plans, everybody takes it very seriously.

The CAMPS situation has been very difficult. As I have said in the statement, CAMPS turns out to be a common staple holding together individual plans. People meet to plan, but since the plan doesn't effect the distribution of funds, they don't take it seriously.

Mr. STEIGER. You are not suggesting that you want to provide, necessarily, operational authority in a State manpower agency, but you are saying that the planning function has to have the ability to allocate the resources?

Dr. MANGUM. That is right. And in this case the reason it can allocate the resources is because there is some operating authority as well. For instance, we have just opened 2 weeks ago what I hope will turn out to be one of the most interesting skill centers in the country. It is not officially designated as a skill center, we are calling it a human resources center. All the enrollees in MDTA, those in WIN who are going to get education and skill training, vocational rehabilitation clients and enrollees in adult basic education, will all go to the same center.

The programs require that moneys be assigned and backed to individuals and this will make for a difficult bookkeeping problem. But, in effect, they will all be treated as one group of disadvantaged people coming for the same set of courses and other services. This center will not be run by vocational educators, not by the vocational rehabilitation people, not by the employment service, but by the State Manpower Planning Council, and its director and staff will report to the council.

The council, in turn, has its chairman, its executive director, and its staff answerable to the Governor. All the members of the appropriate agencies, which means the totality of public education, both general and vocational, vocational rehabilitation, welfare, anybody who has a piece of manpower action is required by State law to be a member of that planning council, and that planning council has the right by State law to sequester staff from any of these agencies; has the right under State law—in fact, the obligation under State law—to review any proposal going from a State agency to the Federal Government.

It is forbidden by State law that any State agency approach any Federal agency in the manpower field without the approval of that manpower planning council very well coordinated in that process.

Mr. **Steiger**. I want to direct you to what Mr. Ruttenberg said yesterday in his testimony, and ask you for your comments on his criticism of where he felt the administration fell short.

One of the difficult questions that the subcommittee faces is that related to public service and employment. You indicate in your testimony that your experience has been most disappointing. I wonder whether or not you would like to comment on the experience you have had on title V of the act, and secondly, do you want further to try to give us a little more insight into what you consider to be the failure of the work experience programs?

Dr. **Mangum**. If I may I will reverse the question and say that I think the failure of work experience programs in general has been the failure of anyone to take them seriously as work programs. In effect, we have met our objective in these programs as soon as we get some money into the hands of poor people. The Neighborhood Youth Corps, as an example, has served a very good purpose in seeing to it that young people from poor families who needed income got income along with some useful activity. But it was very rarely thought of seriously as a work program where you really were concerned about what got produced.

For example, if you think of public service employment, you think of the delivery of a public service as the critical element, which would at the same time employ people who needed the jobs. But when employment and income is put first, we haven't worried a great deal about production.

You mentioned title V. It is particularly interesting and appropriate because the project within title V which received the most criticism, in my view, was one of the best formulated, best run programs we have had in the manpower field. That is because it fit the needs of the locality so perfectly.

That was the so-called "happy-pappy" program that everybody used to make fun of down in eastern Kentucky.

It was a situation involving older, immobile ex-coal miners who were illiterate. The people who could get jobs had left. These were men with an average age above 55 who were badly in need of income. They couldn't draw public assistance because the State did not make it available to families with a male family head. They were rural people, used to hard, grubby work. There was no stigma attached to a job cutting brush along the streams and school paths to make it possible for the kids to get to school. Hard work had no stigma.

These people respected a job, and they were welcomed in the community when they had the job. There was no gain in a training program for people who could not find jobs when they were trained. They had to have income, and the communuity had the present needs which they could meet.

In contrast, you could take a Neighborhood Youth Corps project in a central city area. You could do good because the people needed the income, but those kids could use their time to a very much better advantage, and in the long run society would have been better off to give them training.

As an example, the assignment could be washing of the fire chief's car. The car needs washing, the kid needs income, and it is better than having him on the street. But isn't there something of longer lasting gain which could have been done?

Mr. STEIGER. Let me go through Mr. Ruttenberg's testimony and ask you to comment on each of the criticisms he makes. First, he says the bill does not protect, that by the administration bill, the right of the cities to operate and plan their own manpower programs Is that a fair and valid criticism?

Dr. MANGUM. What it does not do I have already mentioned. To some degree it specifies what kind of an organization the States and cities are going to have to do their planning. It assumes that they are going to do their planning within the Federal guidelines, but it specifies two things:

First, it specifies the nature of the planning and administration operation. Then it specifically singles out one of the manpower agencies in the State and the community as having to participate in this process. It doesn't say, for instance, that the employment service shall be the key agency, but since it singles out the employment service and no other, the implication is that the employment service is the key agency.

I think, in all practicality, it probably will be in most cases, but I think it is important that the employment service, and every other agency which gets involved in the planning and delivery of services, should have to compete for its right to deliver the services. Part of the genius of yours and the other bills that have been introduced here is that it puts the responsibility and accountability right where it ought to be, on the politically elected chief executive officer in the State, or in the city. Responsibility rests there rather than on a bureaucracy which is very often self-perpetuating and not accountable to the voters or to any constituency.

I am not sure I agree with the notion that the bills do not protect the cities right to do their own planning, but it structures the way in which they plan and who plans to a greater degree than I would like to see.

Mr. STEIGER. Second, Mr. Ruttenberg says the concept of the SMSA as a manpower program is not a practical solution to the unemployment problems of the hardcore in our larger cities.

He then goes on to say, "I would establish procedures, incentives, and mechanisms for the cities to get the participation of the suburbs. But I would not start with a metropolitan framework which does not exist."

Dr. MANGUM. I am sure from wrestling with this problem in your own bill, you recognize there is no satisfactory solution. You can't create a government where it does not exist. I would assume the reason in your own bill you choose to rely upon the State government is because State government is there and there are some definable boundaries to it.

It seems to me a mistake that is made in the administration bill, as far as SMSA's are concerned, is to say there must be a separate planning operation for every SMSA. There are a lot of SMSA's. The Labor Department is going to be monitoring more units than it can handle.

I don't think it is realistic to think that you can keep the large cities going through the Governor to get to Washington. As long as a city is large enough to have congressional districts within the city where your colleagues really represent that city and nothing beyond that city, they are not going to run to the State capital to see if they can ask for something in Washington. A city of that size is going to have some autonomy, and there is no good way of handling the situation.

The administration's bill does put in an incentive because it says to the people in the city, "Look, you can take your choice. You can either get together to agree upon one of you to be the chairman of this operation, or you can leave it up to the Governor to appoint somebody."

I think that is going to be a pretty effective incentive. It is better to get together to do a little political trading to decide than to leave it to the Governor.

But I would emphasize that there ought to be some minimum cutoff in SMSA's Utah, take as an example. We have only a million people. As it happens, 80 percent of that million are in an area 15 miles wide and 90 miles long, but it happens to have three SMSA's in it. In effect, there would be three administrative units in that one little confine, plus another for the rest of the State. In that case, it only makes sense to have it done by the State. In fact, in our situation no level but the State is interested or competent in this area.

On the other hand, New York City, Chicago, San Francisco, Los Angeles, are going to have some of their own action. I would have recommended some cutoff, say an SMSA of a million inhabitants, or something like that, which could have its own planning and operation. This would limit the number of planners, in effect, and the number of plans that the Federal Government has to supervise.

Stanley Ruttenberg has, in a book of his that has just come out, suggested some specific incentives.

I think the administration bill has not a monetary, but a political incentive, which would also work.

Mr. STEIGER. Third, the Federal involvement is not strong enough in either the administration or the Steiger bill, according to Ruttenberg.

Dr. MANGUM. That, of course, depends on the strength of the Federal administrative unit. All of our experience up to now would indicate that what Mr. Ruttenberg says is true. If you look at our State planning experience, such as in vocational rehabilitation and vocational education, what has happened is that States have submitted plans but it is not even clear whether anybody has read them before giving approval.

Last year the vocational planning system, however, was strengthened and many of the plans were refused and sent back for revision.

If the Federal agency is tough enough, if the Secretary of Labor, for instance, is politically secure enough and has the backing of all of the White House so he can say to the State, "You didn't cut it. Your plan doesn't come up to our standards; either you come up with a better plan or we are going to run our programs," then the approach can work. If not, Stanley Ruttenberg is right.

The alternative is the one we are dealing with now in which we have the Federal agency dealing with something like 10,000 sponsors of 30,000 separate contracts. The Federal agency has the authority, but it doesn't know what is going on out in the field because it is just not administratively possible to have the span of control to know what is going on in each community, what the performance is, and then enforce accountability in the system.

It is a tough tradeoff. It is very risky to decentralize authority, but on the other hand, having authority you cant' exercise isn't much help either.

Mr. Steiger. Fourth, in trying to take a middle road, the administration bill has become too complicated to work.

Dr. Mangum. Part of that I think I have already referred to in the question of the number of SMSA's. That is a great complication. I think in terms of the relationship with the States, both the administration bill and your own bill would have no serious problem. But when you get down to dealing with the municipalities, it becomes a very serious problem. To the degree you can get a State to assume the responsibility from the municipalities within the State, of course, you are that much better off.

One of the problems, however, is illustrated by the reaction to this series of bills. They increase the authority of the Governors but have met almost complete apathy from the Governors. This suggests that the number of Governors who are really interested in doing something in manpower and having a piece of that action, that authority, is very limited.

I would guess that right now possibly 10 or 12 States are far enough advanced where the Governor would really do something with his authority. The rest of them probably would hand it to the employment service or the public education system, or wherever it resides now, and forget it.

Mr. Steiger. You don't think that is the right direction to go in, do you? You argue the need to place some degree of responsibility in elected public officials?

Dr. Mangum. No. I think that the responsibility has to be with the elected public official. I think some form of decentralization is necessary. I think it is going to require a great deal of patience and also a lot of strength at the Federal levels. In many ways, decentralization will require more strength at the Federal level. It will be necessary to work closely with State governments and whatever municipalities are involved for a long time. It will require a lot of technical assistance to show people how to plan and administer, especially since it is not all that evident that the Federal agencies know how to plan and administer, or to provide technical assistance. The Federal Government would have to get into staff training on a much greater degree than it has in the past. With enough prodding and technical assistance and training of staff and patience and political courage over time, the job could probably be done. Would anybody ever be tough enough at the Federal level to go in and run a program in a State where the State wasn't doing the job? We have absolutely no experience in nearly 200 years of that kind of a thing happening.

Mr. **Steiger.** Fifth, the poor do not have an effective voice in the planning and supervision of the programs.

Dr. **Mangum.** This, of course, is a problem which none of the three alternative bills really deal with. This gets into the relationship of the community action agency and the employment service, for instance.

Something is going to have to be done, and I don't know really what it is going to be, to maintain the existence of the community action agencies. As I have already said, they haven't turned out to be very efficient deliverers of manpower services, but the investment has been a good one just the same. It has been the patronage, the jobs, and money dispensed by manpower and antipoverty programs, that have kept the community action agencies alive to the extent they have been. It is just one of those realities in the world in which we live that you can't have a political organization without some form of patronage, and this has been provided by these programs.

If we take the delivery of services away simply because it has been inefficient, then can those programs continue? What is needed is not just a pro forma situation where you just elect somebody who becomes the representative of the poor and sits on some kind of planning board. That is alright at the university where we make the students feel they have a part of the action by puting them on tenure committees, and so forth, but keep them carefully in a minority.

It doesn't become real until the process has the power to change who gets what piece of the action; who gets a job and who doesn't, and how does the money flow. The community action agencies, because they have had contracts to allow them to dispense money, have had that kind of power.

Mr. **Steiger.** Lastly, something I think you have touched on in your statement, none of the comprehensive legislation before you is truly comprehensive.

Dr. **Mangum.** Yes. This is obviously a political problem. We all recognize the necessity to bite things off a piece at a time. These bills were limited to EOA and MDTA because that was doable.

It is not realistic politically to bring WIN and the family assistance plan, vocational rehabilitation, and other programs into the same structure. It can be done at the State level. As I have already mentioned, I think it has been rather effectively done in the State of Utah. It may be that is a point at which these things will have to be brought together. But it certainly is critical, particularly as the WIN type activities are enlarged in the family assistance plan, that the action for welfare beneficiaries, who are really no different from the rest of the disadvantaged, be a part of the whole program.

Mr. **Steiger.** Congressman Gaydos.

Mr. **Gaydos**. I have no questions. I am sorry I missed your testimony, but I have observed your responses to Congressman Steiger's questions, and I am sure you are well aware of the subject, and I am sure your statement will be most helpful.

Mr. **Steiger**. Dr. Mangum, without wishing to impose further on your time, it would be helpful, I think, if, based on your testimony, your background and experience, frankly, which is perhaps better than almost anybody we can have, to get from you an examination of the three alternative bills that exist before the subcommittee in terms of trying to see where, in your own judgment, we can take pieces and parts of the bills in an effort to put them together in a comprehensive manpower bill that the subcommittee can recommend. Would you be willing to do that?

Dr. **Mangum**. If I can take 2 or 3 minutes to summarize a few points, I have alluded to in my testimony, both written and oral, I think I can take care of that here.

One of the things that I think clearly ought to be done is to remove the designation that fixes the kind of planning and administration operation the States, and localities are to have. Leave that to a combination of the guidelines that implement the program and the choice of the Governor and/or the mayor as to the kind of organization that will fit best in his situation. Since it has to have the approval of the Federal agency, I don't see any reason for it to be dictated or designated in law. (2) The singling out of the employment service or any other local agency that gives any implication that it should become the key agency should be removed. (3) I have for a long time been an advocate of the view that we ought to, insofar as possible, have one Federal agency in manpower. Yet, in advocating that, I recognize a rather serious problem that I should be considered in relation to this bill. For both the substance of manpower programs and the political chances of the legislation, the relationship between educational agencies and manpower agencies, both at the Federal, State and local level should be pondered.

As you are aware, there is a great concern among people in education that these bills will cut them off from their role in the manpower programs. If that were all that were going to happen, I shouldn't care less. There is no reason why we should try to maintain anybody's jurisdiction in this legislation.

But there is a real problem. The education agencies have tended to put too much emphasis on training without any tie to jobs. On the other hand, the manpower agencies have tended to adopt the value that as long as we can get somebody on a job, it doesn't matter whether they get any training or remedial education.

Administratively, in all of this planning process, both of these points of view should be involved. Both of these sets of agencies and facilities must have a voice at the critical planning level. Politically it would also increase the chances both of getting the bills through and getting broader comprehensiveness.

Vocational rehabilitation, welfare and vocational education would be much more likely to become involved if they could be guaranteed a role in the planning process. These programs could all be linked more effectively, than if the only voice is from manpower agencies separate from any training component. At the same time the final decisions and plan approvals must be unitary.

Am I making myself clear?

Mr. STEIGER. Yes, you are.

Thank you very, very much for your testimony. I think it is extremely helpful. Besides that, it is nice to see you here and thank you for coming.

The next witness is Dr. Arthur Okun, presently residing at the Brookings Institution.

STATEMENT OF DR. ARTHUR M. OKUN, SENIOR FELLOW, BROOKINGS INSTITUTION, WASHINGTON, D.C.

Mr. STEIGER. Dr. Okun, it is an honor to have you here this morning. As with Dr. Mangum, you can either present your testimony or summarize it, whichever you desire.

Dr. OKUN. I would like to summarize it, Mr. Chairman.

Mr. STEIGER. Then without objection, we will submit your testimony in the record and you may proceed to summarize.

(The statement referred to follows:)

STATEMENT BY DR. ARTHUR M. OKUN, SENIOR FELLOW, BROOKINGS INSTITUTION*

My field of concentration as an economist is in the study of growth and fluctuations in our overall economic performance and of policies to promote stable noninflationary economic growth and prosperity. I am not an expert on the design, implementation, or administration of manpower programs. Indeed, I hope to learn something about this vital area from the discussion today. But I know this Committee is intently concerned with the important relationships between our manpower efforts and the functioning of our overall economy. It is a privilege to appear here today to discuss some of these relationships.

MAXIMUM EMPLOYMENT AND ESSENTIAL PRICE STABILITY

It is an historical fact that, throughout the past generation, in the periods when the Nation has enjoyed the lowest rates of unemployment, it has suffered from inflation; similarly, the costly intervals of recession and economic sluggishness have been periods of price stability. It is not difficult to see why this should be the case. If markets are very weak and demand is considerably below the supply capabilities throughout our industries, no businessman will dare raise his prices for fear of losing sales, and no group of workers—organized or unorganized—will ask for significant wage increases for fear of losing jobs. When total spending demands pick up and we move out of a period of sluggishness, businessmen add to their work force and step up their production. If demands keep strengthening some industries move up to essentially full capacity and some labor markets generate demands that match the available supplies of labor. At some point, selective upward pressures on prices and wages begin to develop in areas where demands for goods and labor begin to outrun supplies.

Thus, the more demand rises, the more employment and the more output that results. But also the more widespread and intense become the upward pressures on prices and costs. When full capacity is approached, extra spending has more impact on raising prices and less effectiveness in stimulating output and employment. When labor demands for most types of skills and most areas of the economy are already matching available supplies, several vacancies in the labor market may be created in the process of adding one actual job. As we saw during World War II, shortage of goods and of labor in most areas of the economy can bring unemployment down to very low levels—and make it predominantly transitional or frictional in character. But the inevitable byproduct of such a situation is a highly disruptive inflation.

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*The views expressed are my own and are not necessarily those of the officers, trustees, or other staff members of the Brookings Institution.

THE DILEMMA OF FISCAL-MONETARY POLICY

These facts of life create agonizing choices for the makers of fiscal and monetary policy. The Nation is committed to maximum employment, production, and purchasing power; and it also is committed to the maintenance of essential price stability. It can't have all it wants of these goals at the same time. The required balance is bound to be a painful compromise of our social goals.

We have been out of balance much of the time since late 1965, when Vietnam expenditures spurred demands in an economy that was already close to high employment. The Federal Budget became an engine of inflation because the extra defense spending was not offset by higher taxes that would have sopped up private purchasing power. In 1966, a massive dose of restrictive credit successfully halted the boom and moderated price increases, although only by disrupting financial markets and creating a severe setback in homebuilding. In the summer of 1967, when prices were rising only moderately, the President urged Congress to act immediately on a tax increase. During the subsequent year of delay before fiscal restraint was applied, an inflationary boom gathered great strength and momenum. It has been an exceedingly stubborn customer ever since. A combination of reasonable fiscal restraint and extreme monetary restraint has now clearly ended the boom. Prices and wages have not yet decelerated, however. Some lag must be expected between the slowdown of the economy and the slowdown of prices and wages, and the beginning of a gradually improving price performance should become evident before too long.

Anti-inflationary fiscal-monetary strategy works by holding down total spending for goods and services. In doing so, it must inevitably impair employment opportunities and court some regretable upcreep in unemployment. Candidly, and humbly, I must say that no economist has a remedy for inflation which completely avoids this most undesirable side effect.

How much of a rise of unemployment for how long is a big issue, however. It depends upon a great many decisions of economic policy. If the Government enlists the cooperation of business and labor in restraining price and wage increases, if it uses its manpower, farm, and foreign trade policies to reduce costs and prices wherever possible, then the duration and intensity of the economic pain can be minimized. As I have said repeatedly, it is my conviction that not enough effort has been made in the past year to back up our fiscal and monetary policies with appropriate anti-inflationary structural policies. I am also deeply concerned that the stringent tight money that was so essential to halt the boom last spring and summer may now be weakening the economy too much.

The task of stopping inflation without destroying prosperity in the process is a trying one, and I have no easy solutions or simple answers. It has been said that an economist must be ambidextrous so that he can say "on the one hand, and then on the other." To follow this professional prescription, I can say that, on the one hand, we have to recognize as an unpleasant fact of life that inflation could not be halted unless the unemployment rate was permitted to drift upward from the 3½ percent level of 1969. On the other hand, it would be a needless social and economic waste and inefficiency to permit a big jump in unemployment—anything approaching the 2 to 3 point jumps experienced in the 1953–54, 1957–58, and 1960–61 recessions would be unconscionable. The 4.3 percent figure for 1970 used by President Nixon's Council of Economic Advisers is a prudent and reasonable benchmark.

THE SIGNIFICANCE OF THE UNEMPLOYMENT RATE

The economic and social importance of changes in the unemployment rate must be interpreted in perspective. The monthly figures always draw responses ranging from the extreme of frenzy to the extreme of complacency. The facts here require another set of ambidextrous statements. First, our monthly unemployment figures are statistically erratic. The unemployment rate can wiggle from month to month by as much as a half percentage point without signifying any real change in the state of the labor market or of the economy. The decline in the unemployment rate from 3.8 percent in October to 3.5 percent in November and December was probably that kind of insignificant, purely statistical wiggle. Several months of unemployment figures are needed to make a judgment of the basic trend.

On the other hand, the basic trend of unemployment is the most important and most revealing single barometer of the entire economic situation. Any time the unemployment rate has been rising for several months, you can judge with a remarkable degree of reliability that business profits are declining, that economic growth is below normal, that the real income of the average American family is stagnating or actually shrinking, and that consumer confidence is waning. Labor is the most important resource of the Nation and it contributes more than two-thirds of our national income. It is not surprising that the waste of labor through idleness is a good measure of the entire performance of the American economy. Indeed, the unemployment rate shows only the tip of the iceberg. Much of the cost of a weak economy is submerged in the loss of overtime work and the increase of partime work, the discouragement of some workers who stop hunting for jobs because they are convinced jobs are unavailable, and the accompanying sag in productivity. Because of these submerged losses, when the unemployment rate rises by 1 percentage point, we tend to lose about 3 percent of real output compared to what we can produce. A Nation which is hardpressed to meet urgent social goals cannot treat such a loss complacently.

It is important to recognize who the unemployed are. A little more than one-third of the 3.2 million people unemployed today are men (20 years and over); nearly equal numbers—each representing less than a third of total unemployment—are women and teenagers. We do not know how many unemployed women are the breadwinners of their households. Unemployment rates among Negroes are about double those of whites.

Less than half of the total number of unemployed—although two-thirds of the jobless men—have become unemployed by losing their last job. Many unemployed women and teenagers are re-entering the labor force after being out voluntarily for a while. A substantial fraction of teenage unemployment consists of people looking for their first job. In addition, about one-seventh of the unemployed left their last job voluntarily.

In a strong economy, most people who become unemployed find new jobs within a reasonable period of time. Some, however, suffer several spells of unemployment within any year. Even in a high employment year like 1968, 6 million people experienced more than 5 weeks of unemployment during the year. This means that their wage incomes were cut by at least 10 percent as a result of unemployment. About half of the jobless at any time are receiving unemployment compensation benefits which typically replace between a third and a half of their normal incomes.

These figures make clear that unemployment cannot be equated one-for-one with acute deprivation of families or with the destruction of jobs.

Again, I must say: on the other hand. When unemployment rises as the economy weakens, most of the added unemployment is concentrated in the groups where it has the largest social consequences—among breadwinners, among the longer term unemployed, among those who suffer substantial amounts of unemployment each year. Black workers often are particularly disadvantaged in a weak labor market. Moreover, the psychological impact of unemployment on loss of confidence in self and society cannot be reckoned.

These psychological impacts extend to people who are not immediately and directly affected. When unemployment increases, many people who are not laid off express anxieties about job security and report less satisfaction about their personal financial situation. In recent months, consumer buying of autos and household durables has fallen even though consumer incomes have been rising in the aggregate. The pattern of this weakening of demand would suggest that anxieties about unemployment are a key factor. Many families which have not yet been hit by unemployment are reluctant to make a commitment for a new automobile or a large-ticket consumer durable in the fear that joblessness could spread in their direction. This may be a particularly disturbing thought now after several years in which skilled workers have not had to worry about layoffs and job losses.

MANPOWER PROGRAMS AND THE OVERALL ECONOMY

Our conception of the role of manpower programs in improving overall economic performance has shifted considerably in the past eight years. The widespread concern about automation and technological displacement that prevailed in the early sixties was a basic rationale for initial manpower legislation. In the strong economy that followed this legislation, the automation and other labor-saving technology proved to be much less troublesome than had been expected. The economy adapted readily to the displacements that came from an advancing technology. Most firms which automated nonetheless found other uses for displaced labor. In the other cases, labor generally found other employers waiting with open arms. We soon discovered that our most serious problems and greatest opportunities for manpower efforts lay elsewhere.

It is remarkable how well our labor markets function without any central planning or coordination. The market attracts men to places where their productive contribution is most needed and attracts industries to areas with an available labor supply. But there are important gaps of information in these markets, and the gaps can be closed by public efforts. It is an unconscionable social waste as well as a personal tragedy whenever a man is jobless while an employer needs a person with his qualifications. Yet this happens time and again in our society. This coexistence of unmanned jobs and jobless men can be eliminated if we develop and utilize comprehensive information about job opportunities. In particular, we should harness the benefits of computer technology for this urgent social purpose. It is my impression that the United States is considerably behind other countries in the development and effective use of matched records on job availabilities and job seekers. I am gratified that the legislation before this Committee gives due weight to the importance of such an information system.

Obviously, even if the number of available jobs equals the number of seekers and if all possible matches are made, there will continue to be a problem of round holes and square pegs. Generally, employers' needs for skilled labor will outweigh supplies, while unskilled job seekers will outweigh the number of vacancies for unskilled jobs. There are potentialities for employers to scale down their initial skill requirements for hiring, sometimes subsequently remedying deficiencies with on-the-job training. There are much greater potentialities for training employees with skills that fit the existing needs of employers. To accomplish their objectives effectively, training programs must be guided by a careful analysis of the types of skills employers need and the location of job opportunities. Again information and analysis is essential. Another essential is the ability of newly trained labor to gain access to employment opportunities. No matter how well designed, manpower programs could be stymied by artificial barriers to entry into occupations and labor organizations.

Manpower programs can yield enormous benefits to the entire Nation. They can generate a more productive labor force capable of improving productivity and speeding economic growth. They can make an important difference over time in changing the tradeoff between price stability and high employment in our economy. They can help make the elusive goal of noninflationary prosperity a reality by permitting higher employment and avoiding bottlenecks of excess demand. They can diffuse the benefits of prosperity and increase equality of economic opportunity.

Just as manpower programs can improve the functioning of our economy, so their success depends upon the overall health and strength of the economy. Manpower efforts and effective policies for steady economic growth must reinforce each other; they are not substitutes for each other. If the economy is chronically weak and employers are faced with shrinking markets, the best conceived and best run training program would merely pour out a stream of better qualified unemployed, who will become all the more resentful and depressed by their joblessness.

The Administration's constructive proposal for a "trigger" that would add 10 percent to manpower appropriations when the unemployment rate exceeded 4½ percent must be viewed in light of this reality. I find the proposal highly attractive, particularly as an added means of cushioning the blow to innocent victims of an economic slowdown. But I would caution that many types of manpower training and placement efforts will inevitably be less successful under conditions of mounting unemployment. It would be obviously self-defeating to flood the market with qualified job applicants in business firms that were already laying off workers. To use the benefits of the extra appropriations effectively, they should be channeled into directions that could promise some success even in a weak labor market. This might include short term programs of additional employment in public service and somewhat more ambitious and longer training programs that might qualify people to participate in the subsequent general economic rebound. This could be a helpful landing net, but it must not make us any less careful and alert as we walk the tight rope of noninflationary prosperity. We should reaffirm our determination to keep the unemployment rate under 4½ percent as we create desirable safeguards to minimize the costs of a serious misstep in fiscal-monetary policy.

LOOKING AHEAD

I am optimistic and enthusiastic about the future of our dynamic and productive free economy in the years ahead. The current weakness of the economy reflects the restraint of economic policies; the vigor of the economy is being temporarily leashed in order to curb inflation. Our prices slow down, that vigor can be unleashed and allowed to meet more fully our urgent private and public needs. As I see it, the homebuilding and consumer sectors have especially great potential for growth in the seventies. How much and how fast we should grow will depend on the productivity of our labor and capital and on the restraint required to ensure against a resurgence of inflationary pressures. On both these fronts, comprehensive and coordinated manpower efforts can contribute to our progress.

Under the Employment Act's banner of "maximum employment, production, and purchasing power," our economic record since 1946 has improved immensely over that of earlier times, and it has kept improving. Despite the blemishes of wartime inflation in the past several years, the sixties witnessed unprecedented growth in real incomes and employment opportunities and an unparalleled durable prosperity. We have stayed off the business cycle roller-coaster, and there is no reason to get back on now.

We are now in the threshold of a new era where we can personalize the objectives of the Employment Act and fulfill the statement of purpose in Mr. O'Hara's Bill: "Assure an opportunity for employment to every American seeking work." With a comprehensive program of placement, training, and public employment, the Nation can say directly to all American citizens—perhaps starting with breadwinners of families—that they have a meaningful guarantee of a job opportunity. When that guarantee can be given directly and unqualifiedly, I am confident that virtually all able-bodied American men will demonstrate that they want to obtain their incomes by making a productive contribution to society.

Dr. Okun. It is a privilege to be here, especially as someone who is not an expert on manpower programs. I hope I can be helpful in talking a little about the economic environment and the background of the important manpower legislation that is before this committee. Obviously, there is a close relationship between the success of our manpower efforts and the functioning of our overall economy, and these relationships go in both directions.

In providing some perspective on the present situation in the economy, I have to lead off with the toughest message that any economist has to deliver, which is that there is some conflict, at least in the short run, between two things that we want very much as a Nation; namely, the end of inflation on the one hand, and the maintenance of a very high level of employment. I wish we had better answers, but we don't as a profession, and the only answers we have to the problem of stopping inflation does involve policies which may court some regrettable increase in unemployment, and we have seen that beginning to happen.

Maybe it is easiest to see this in looking at the operation of our economy as a boiler that is capable of producing some very useful power but is also capable, when you pour more and more fuel into a boiler, of generating some noxious smoke in the form of inflationary price increases. Carried to an extreme, it is capable of straining the very boiler itself.

That is our problem, of finding essentially the right temperature for the boiler which will enable us to have as much useful power as we can get without the noxious smoke and without any strain on the system itself. Basically, it is the job of the Federal Government, through its budgetary and credit policies, to try to help find the right temperature of this economic boiler.

The Federal Government has to influence the temperature of the boiler through its expenditures and its taxes and through the monetary policies that are pursued by the Federal Reserve. The question is: How do you do it best? What has been done in the past year is to provide some restraints, somewhat less fuel into the boiler through a tight budget and through an extremely tight monetary policy.

This strategy under the Nixon administration is really a continuation of the strategy that had been implemented under the Johnson administration. The Nation waited too long to make decisions on financing the Vietnam war in a responsible way, and during that period we got an inflationary boom underway—our boiler was overheated—and we began to cool it down.

Well, there has been a lot of heat in that boiler, and it stayed hot, and it has been a tough job to cool it off. Now, the boiler is cooled off, but prices and wages are still rising, and I don't think that one can conclude that they have even begun perceptibly to slow down so far—in a sense, the smoke is still pouring out. History tells us that if you keep the pressure low in the boiler, you will begin to see some improvement in wages and prices. The strategy of slowing down the economy should help to curb and ultimately eliminate inflation.

But the big issue is how much and for how long will we have to pay in terms of slower growth and fewer jobs? Here there are some really important issues and really important choices for economic policy.

I have begun to get concerned that extremely tight money is cooling off the boiler too much today. A shift toward less restraint should have been taken a couple of months ago. It is now overdue. It should be taken promptly.

On fiscal policy, the proposals of the administration are in the right order of magnitude. They would keep the budget reasonably in good balance for the kind of economy that can be foreseen over the next year. I think it is regrettable that so much emphasis has been placed on both sides about whether we will really stay in the black with a projected $1.3 billion surplus or whether we will go somewhat into the red. If I had to place a bet on this, I would bet that the budget would wind up with a moderate deficit, but not a major stimulus. It would not mean more fuel on the economy. Rather the deficit would reflect the economic slowdown through a slowdown on the growth of revenues.

I feel less comfortable with some of the other policies, or more correctly, the absence of policies in some areas. I do think experience tells us that we can get some help in the battle of inflation by enlisting the cooperation of business and labor by restricting wage and price increases. I regret the administration has felt so strongly that it does not want to make an effort in this area.

The absence of policies in this area is a policy. It is a statement to business and labor that the White House doesn't care how the discretion involved in private decisions is used. As soon as the President made that clear, late last January, you got a real wave of price and wage increases in several industries that seemed to follow the signal of a green light.

We can do more under present circumstances to review our foreign trade policies, some of our policies affecting the regulatory structure of the economy, like antitrust and some of our policies influencing the construction industry. We can start dealing with individual troublesome spots in price and wages and try to give some backup to fiscal and monetary policy in helping to correct inflation and still maintain prosperity. We want to lick inflation without putting the economy through the wringer for a very long period of time.

Basically, manpower policies fit into the program of structural policies that can help us to do a better job of reaching price stability and maintaining prosperity at the same time. The effect of manpower policies on the total economy can be viewed in terms of the balance between job vacancies and jobseekers. At any point in time, there are always some business firms ready to hire men, and there are always men looking for work.

We can have a higher level of employment and more output if we can improve the flow of the idle men into the unmanned jobs, and basically that is what manpower programs try to do. As Mr. Mangum pointed out, they try in some degree to get employers to accommodate their needs to the available labor. They provide assistance to jobseekers to find out where the jobs are. They try to deal with the problems of round holes and square pegs by providing jobseekers with the skills they need to take the jobs that are currently available.

The better our manpower programs, the fewer vacancies and the fewer jobless men around at any point in time. The better the balance between the two, the more output and employment we can have without courting inflation.

If we keep pumping up the pressure in our economic boiler, we can get more useful power out of it. We can create some more jobs, but when we do it in such a way that five or six vacancies are created to create a job, more inflationary pressure is exerted on the economy.

Now, there has been a good deal of concern and anxiety—and rightfully so—about the importance of unemployment and what it means. It is awfully easy to make the unemployment problem look small. When 3½ percent of our labor force is unemployed, 96½ percent is employed. When 4½ percent is unemployed, you still have 95½ percent employed, and you can look at it this way and there is not much to get excited about—96½ and 95½. Ninety-five is a good grade, and we are happy when our kids bring that home from school. Why should you expect the economy to perform that much better?

It is easy to make the problem look small by pointing out how many people who become unemployed really do find good jobs within a reasonable period of time.

At the same time, there is another side to this story. As I say in my prepared statement, an economist has to be ambidextrous so he can say on the one hand and on the other hand.

There is a particular problem of looking at unemployment in balance and perspective. Not for a single month and maybe not even for a single quarter, but for any sustained period of time, the unemployment rate tells us more about our economy than any other single economic indicator. You just don't have situations where unemployment is rising and things are going exceedingly well for the people who still have jobs. Generally, a period of rising unemployment is a period of shrinking profits and a period of shrinking real incomes and a period in which there are psychological, as well as real, costs on the part of jobholders, and I think there is much of that psychological impact today.

Our consumers surveys show a great deal of consumer anxiety. Our consumer buying indicators show that we have had a major decline in purchases of automobiles and big ticket consumer durables in recent months, even though aggregate incomes of consumers have been rising.

The phenomenon of weak consumer markets cannot be related to the people who have directly lost their jobs. Rather we are in an economic atmosphere where a lot of people who haven't had to be concerned much with layoffs and unemployment in recent years when the labor market was strong suddenly realize they are insecure in their jobs. They are concerned that unemployment may spread in their direction, and they are retrenching in their spending patterns. They are feeling uncomfortable with their security and not knowing what is going to happen to the economy. Knowing that some of their friends and neighbors have been laid off certainly dramatizes this problem to them.

So we can't take the unemployment problem lightly at all, and we can't take a sacrifice of output lightly in a society which has such urgent needs as we do. This underlines the needs for all kinds of policies that can help us to do a better job in maintaining prosperity and price stability at the same time.

As I point out, our labor market policies have an important role in doing this, and they can yield enormous benefits to the entire Nation. They can give us a more productive labor force capable of improving productivity and speeding economic growth. They can make an important difference in enabling us to have a somewhat higher temperature in the boiler without having the noxious smoke of inflation or the strain on the boiler.

They really strengthen the whole foundation of the system, and they reinforce the boiler. They help us to diffuse the benefits of prosperity and bring us nearer to the elusive but important goal of equality of economic opportunity.

Manpower programs improve the functionng of our economy and also depend upon a good functioning of the entire economy. Manpower efforts and effective policies for steady economic growth must go hand in hand. They can't be viewed as a substitute for each other. A good manpower program is not an excuse for a bad fiscal and monetary policy, nor is a good fiscal and monetary policy something which renders needless good manpower policies.

I think we are seeing some of the problems which could arise if we had a weak economy for any extended period of time in impairing the functioning of our manpower policies.

If our economy were to be chronically weak and if employers were to be faced chronically with shrinking or sluggish markets, the best conceived and best run training program would merely pour out a stream of better qualified unemployed people. Those people, I fear, would be all the more resentful and all the more depressed by their joblessness once they had the qualifications and were successful graduates of training programs.

We are getting another indication of how a weaker economy and manpower programs interreact through the recent news on the termination of the jobs contract by the Chrysler Corp. Now, Chrysler has some real internal problems in a situation where automobile demand has collapsed so badly. I am sure the Labor Department wants employers who are cooperative to feel that they have the flexibility to make adjustments if unforeseen real needs to retrench arise.

At the same time there is a real cost involved in terminating this program at this time, and one would wish that there was some way of providing a transfer of the people who are losing their opportunities in the Chrysler program into some alternative, such as public service employment programs or an institutional training program. There should be some way to cushion the blow to them.

I think this incident throws some light of reality on the administration's constructive proposal for a trigger that would add to manpower appropriations when the unemployment rate exceeded 4½ percent. Now, I find the proposal highly attractive, but I find it attractive particularly as a means of cushioning the blow the innocent victims after an economic slowdown. I could caution that many types of manpower programs will be inevitably less successful under conditions of mounting unemployment, and the Chrysler jobs incident is certainly dramatic recent testimony of how difficult it can be to run effective programs under conditions where the economy is weak.

It would obviously be self-defeating to flood the market with qualified job applicants for business firms that were already laying off their existing workers. If we are going to use the benefit of the extra appropriations effectively, they would have to be channeled into directions which could promise some success even in a weak labor market. I would think that would include short term public service employment programs. Perhaps in a weak economy, somewhat more ambitious longer term training programs could be tried. They would keep people out of the force during the labor slowdown and would qualify them to participate in the subsequent economic rebound.

In general, the trigger proposal is helpful in supplying an additional landing net. But I trust that it will not make us any less careful and less alert as we are walking the tightrope searching for noninflationary prosperity. In creating desirable safeguards to minimize the costs of any serious misstep in fiscal and monetary policy, we should reaffirm our determination not to make those missteps and to keep the employment rate under 4½ percent where it belongs.

As I look farther ahead, beyond the current slowdown, I can see a period of renewed growth and I can be very optimistic and enthusiastic about that. I have no doubt about the capability of our free economy to generate jobs and opportunities, and I have no doubt about our needs for goods and services to fulfill urgent, private and public aspirations in the years ahead.

One shouldn't read the current economic situations as a sign of any basic weakness in our economy. It is very important to recognize that we are putting a leash on the vigor of our economy through fiscal and monetary policies. The economy is just raring to go, and I think that when the time comes it can be unleashed. If it is unleashed properly, it will go charging ahead, not too boomy, but along a good growth pattern.

Our homebuilding and consumers sectors have especially great potential for the seventies. How much and how fast we grow will depend on the productivity of our labor and capital and how much we have to check growth in order to insure against a resurgence of inflationary pressures it seems to me that on both of these fronts, both in raising the productivity of labor and in permitting us to have a higher temperature in the boiler without inflation, comprehensive and coordinated manpower efforts can contribute in a major way to our progress.

We can keep marching under the Employment Act's banner of "maximum employment, production, and purchasing power" which has given us an improving economic record ever since 1946. Despite the blemishes of wartime inflation in the past several years, the 1960's witnessed unprecedented growth in our real incomes and our employment opportunities. It gave us an unparalleled durable prosperity that kept us off the old-fashioned business-cycled rollercoaster. It gave new testimony to the vigor and strength of a free market economy, assisted by and promoted by appropriate Government policies.

I think, in particular, as we look ahead we ought to set our sights on a new employment goal that would personalize the objectives of the Employment Act. Such a goal is reflected in the statement of purpose of Mr. O'Hara's bill which speaks of "assuring an opportunity of employment to every American seeking work." Before too long, we say should directly to all American citizens, maybe starting with breadwinners of families, you have a meaningful guarantee of a job opportunity if you want one. It has become a guarantee backed up by public policy that there is a job for you if you want to work.

This requires a comprehensive program of placement, training, and public employment. I think public employment has to be a significant, although not an overwhelming, residual element in the program. We can make that guarantee without an enormous cost. It will really be a major step forward in social progress when we can tell every able-bodied American that, if he wants to work, there is a job for him.

It always strikes me that the American people work harder than any nation in the world, yet they are always terribly concerned that their neighbors are lazy. Anytime the job opportunities are there, people take the jobs. The people want to work.

The overwhelming bulk of Americans, of all creeds and colors, want to get their income by making a productive contribution to society, and when we can make that guarantee of a job, I think we will find that virtually all of our American citizens will take advantage of it and will want to turn their efforts toward a productive contribution that earns them an income from a free economy.

Thank you.

Mr. STEIGER. Thank you very much, Dr. Okun.

Mr. Gaydos?

Mr. GAYDOS. Now, I was very impressed with your overall analysis of economic conditions and in experiencing them, and in analyzing our economics, you made reference to foreign trade in that area. You are suggesting the possibility that we should preanalyze our foreign trade. Could you expound on that somewhat or enlarge on your thinking that foreign trade does and is affecting our economy?

Dr. OKUN. I believe that we have had enormous benefits from the growth of foreign trade throughout the postwar period and from the worldwide liberalization of trade policy that has been accomplished during that period.

I think the instances in which we have been hurt by imports have been quite small, quite limited; that they call largely for adjustment assistance and greater efforts to be competitive; that they don't call for trade barriers, by and large.

If we go back over the record of the 1960's, one of the things that gave us a good measure of protection against inflation in the early 1960's and helped make the inflation less than it would have otherwise been in the late 1960's was import competition. In many industries the potential import has been an important friend to the American consumer.

We have shown again and again that, if our economy isn't overheated, we can hold our own in world trade. We have the productivity; our management and our labor will find the products which we can do a better job on than any other nation. Even in an overheated economy, we have been selling more than we have been buying to foreign markets. I think we can widen our surplus in a well-managed economy, and I think we can continue to profit by pushing for liberal trade policies on all sides.

In the near future there may well be opportunities to reinforce our battle against inflation with specific measures in foreign trade. I don't have a program in any sense. One item on the agenda does occur to me, and that is the oil import quota issue. I think there are at least some suggestions before the President from his task force that would seem to promise not only greater efficiency, but also lower cost of products to consumers.

It seems to me that if we can accelerate the decision within the administration in reshaping of the oil import program, that could be a constructive step to take at this time when we are looking for every opportunity we have to hold down and bring down the costs of living.

Mr. GAYDOS. I think one of the main points that you reiterated several times is, Why train individuals in a manpower approach, generally or cumulatively, and then not have any jobs for them. Aren't you familiar with the recent catastrophe that occurred with the U.S. glass industry, our textile industries, and it is now in the area of steel?

My objection might be unorthodox, but there is deep feeling among some of my colleagues that foreign trade is the culprit as far as the unemployment is concerned. We are talking about going all the way back to the Smoot-Hawley Act, the voluntary agreements entered into in 1968, and also the Kennedy round of production in 1962.

As I understand your testimony, unemployment and job availability is the crux and is the key to solutions which you suggest. Am I wrong in those areas where I believe rightly criticized foreign trade is indeed the most important element that we have to consider?

Dr. OKUN. I don't rule out the possibility that imports may be a cause of unemployment under some circumstances in some industries and in some isolated regions.

It is my considered opinion, looking at the record, that it has been a very minor cause of unemployment, in general, for the Nation: that it is certainly not a cause of increasing unemployment today; that in many cases where you have had transition periods, where particular industries were releasing workers, possibly because of import competition, the workers found ready access to other industries.

I think they can be helped by putting more emphasis on adjustment assistance. I think there may be times—and, indeed, there are legal provisions—for invoking escape clauses.

But the fact that any particular industry is to contract is not an argument for erecting tariff barriers. I don't believe that the evidence suggests that there has been anything that can be called a catastrophe in the textile industry, although there has been some costs to American investors and some costs to some American workers.

Many of our textile areas have been, despite a declining textile industry, registering very low and declining unemployment rates throughout the period. Just look back at the experience in New England, which was regarded widely as a depressed area through the 1950's, when the textile factories were moving out.

Mr. GAYDOS. Would you yield at this point?

Not moving out, but closing. Fifty percent of the textile industry doesn't exist today, and those are statistics which are undebatable. Just recently the U.S. Tariff Commission has authorized subsidy payments to 550 workers in the U.S. glass industry, and now there is a suit, a pending suit, on record where the industry itself is seeking like redress. They are asking the U.S. Treasury to subsidize their loss, and, as I understand it, this is going to set the pattern. It is going to be an approach that is going to be almost common in the near future.

We have in the steel industry statistics indicating that 125,000 to 150,000 job losses can be directly attributable to foreign imports, and that was after our record 1968 year of something like 18 million-plus tons of imported steel.

The reason there is somewhat of a dispute in the industry is because of the critical shortage in European coal, iron, and steel communities in the Common Market, and also Japan has confronted the Chinese mainland in supplying 50 percent of her needs.

I thought when you first said we ought to reanalyze our foreign policies, I thought you were agreeing with some of the other concepts, but I see you are a free trader.

Dr. OKUN. I have an open mind on all of these issues. But I think if we look at them carefully, we will find some costs to foreign trade, but the benefits are overwhelming. I welcome the pattern that is being set of using adjustment assistance. That is the right way to cushion the blow in a dynamic economy where there are some real transitional costs that have to be worried about.

Let me take a moment to look at it this way. We have all kinds of shifts going on as a result of advancing technology in our economy. There has been a tremendously competitive battle between glass bottles and tin cans as containers in the United States, and the battle has shifted again and again. At times, it looks as though metal containers are on the up, and then the glass producers come in with a no-return bottle and——

Mr. GAYDOS. You are talking about internal competition, aren't you?

Dr. OKUN. I find his very analogous. No glass manufacturer will come to Washington and say, "Protect me from those horrible tin manufacturers." He knows this is a part of the competitive game and he knows this is part of the progress that is inherent in the American economy to get a better product to the consumer at a lower cost.

I see the analogy of foreign trade as a perfect one on this score. It is no more reasonable to plead for protection in general against foreign glass manufacturers than against domestic tin manufacturers. In making a plea against foreign glass manufacturers, he is making a plea against American consumers and against the American exporter who has an interest in maintaining the open flow of trade which can only go in both directions.

There is no question that, if America should make a turn toward Smoot-Hawley, the consequences for our export industries—for aircraft, for heavy machinery, and for the raw materials we export—will be disastrous.

If America keeps its position as a leader toward liberal trade, we can push the world into a situation where we can do more. For example, there are very unfortunate barriers to our farm exports today. Now, our farm economy is immensely productive, and, if we had free trade in a lot of products, we could really do the job of selling the world food and diminishing any dangers of a world food shortage.

We have got to, it seems to me, find solutions which open those doors wider and wider and not close the doors to foreign trade in our country.

Mr. Gaydos. We are on the subject, and it is very interesting. If Mr. Steiger doesn't mind, let me ask you, and I would agree, if what you say would be a reality; that is, if we would have an honest-to-goodness free trade—but that hasn't been the situation. Hasn't it been since the Smoot-Hawley Act in this respect: There are presently in existence statutes in other countries—and I am speaking primarily of the two productive areas, which are the European market and also Japan. They have in force all types of selective productive devices. They have border taxes. They have transmission taxes, equalization taxes, and they have outright provisions against American imports—and again this isn't me speaking, this is admitted by our State Department.

We don't have a situation by your suggestion of free trade greater between two countries, of course, than on a worldwide basis which could or would work. Now, something is wrong. Because the situation exists, I am a firm believer in the approach that this country must take like protective steps.

Mr. Steiger. Would the gentleman yield?

Mr. Gaydos. Yes.

Mr. Steiger. Wouldn't you find it a little bit more difficult to argue the point we are making—and I agree there are tariff barriers in other nations. How do we expect them to lower their tariff barriers if we go about trying to erect new ones?

Mr. Gaydos. Do you want me to answer? Well, you have to go back to an analysis of the entire situation. The question, I think, which should be answered, to answer your question, is the fact that I don't believe we have a right to institute and maintain the same type of protective devices as they maintained.

The theory is that Japan doesn't allow specific imports on 100-odd particular items, absolute prohibition against these imports, and I think the gentleman will agree with me.

However, the reverse doesn't exist in this country. We do not exclude these particular 100 items in this country to protect against Japanese exports.

Mr. STEIGER. It is awfully difficult to horse trade.

Dr. OKUN. I think that is the point. We should be stepping up our efforts to horse trade. It is difficult. We have made some progress, and I think we have been a lot tougher with some of our trading partners in recent years in being ready to take advantage of specific retaliatory provisions. Our relations with Japan, particularly, are getting a very thorough going over in terms of what equity requires and what in turn they are prepared to do.

I would not hesitate to warn that if they don't take some steps in the direction of liberal trade—and we feel that the balance is not even now—that we might have to right the balance in the direction that none of us would prefer.

At the same time, it is a fact that even with the handicap that American exporters have through some of these regulations in some countries, we are able to sell more than we buy, although not a great deal more under present circumstances. We are taking advantage of market opportunities, and there are many areas and many countries which welcome American goods and do not interpose unreasonable barriers to them.

Obviously, free trade versus protection is a sort of polar extreme. Nobody is talking about eliminating all protection and safeguards for American industry overnight and nobody is talking about putting 100-foot walls up along our shores. This is a matter of degree, and it is a matter of direction.

I think we have to do all we can to keep the direction going toward more and more freedom in both directions.

Mr. GAYDOS. Of course, the common problem in free trade is the minimum wage, the unemployment level of individuals and the price that you pay for that labor.

Now, the Japanese industrialists have penetrated this market with 100,000 Toyota's. We can't assemble an American automobile in Japan.

Getting back to the point that we are speaking of, as far as manpower approaches and employment, the entire sphere of employment, as to whether we have enough, how we can control it and stimulate it, et cetera, I think in that area of foreign trade we find an incentive area that does affect our employment as we know it and experience it in this country.

I think that this is an area where it is so sensitive that if we don't do something, we are going to experience more and more unemployment, and again I am referring to facilities in the steel industry, the glass industry, electronics, leathers, textiles, anything you can think of. I think this is a serious problem.

Mr. STEIGER. If you will yield for a moment. I think Chrysler has now signed an agreement with the permission of the Japanese Government to go ahead and produce and market automobiles in Japan and that barrier has finally been broken.

Mr. GAYDOS. In response to that, Mr. Steiger, this is again not the true situation. It is very limited. It was done as a matter of international policy because the pressure was too great. Chrysler was the only one allowed, and there are some inhibitions and protections as far as Chrysler's activity, as far as items, of 45 percent of controlling activity. There is a number of them and a number limitation as to how many they can manufacture, and there is also a written understanding that if the situation changes, at that particular time the agreement is off. So it is not a fair quid pro quo.

Dr. OKUN. If I may, I certainly appreciate your concern for this, and I don't want to make it sound as though it all comes out for the best in this best of all possible world. There are some real problems associated with changing flows of trade. I would try to encourage you not to be alarmed over the recent major upsurge in imports that we have experienced in the last few years.

I think these have been a reflection, in part, that we have an overheated economy. They haven't been a threat as unemployment so much as a reflection of over employment relative to a balanced labor market.

In many places imports flooded in because our domestic industry wasn't really ready and able to meet orders. This was true of machinery in 1966. We had a huge upsurge in machinery. In 1967, it came down and our exports picked up again.

The same thing happened in textiles. It was a period when textile prices were highest and shortages began to develop in the United States that triggered a flood of imports that began to appear subsequently when the domestic industry cooled off.

In many of these areas, I would hope that we will see a moderation of import growth and a better competitive performance by American industry in an economy that is less subject to inflationary pressure.

I think that one does have to look at labor costs. But we should make the distinction between the fact that American labor is more productive and deserves a higher wage than foreign labor and the fact that we may experience wage increases of an inflationary character. We have the most qualified, most skilled, most effective labor force in the world, and the reason that wages are twice and three times as high in the United States as they are in many of our trading partners is that American labor does the job that justifies that higher wage.

Mr. GAYDOS. Well, I wish I could share your nonconcern for the situation. What you are saying is that you are depending upon American technology to make up that difference in the cost. I think that is what you are saying.

However, that situation has come to pass. For instance, in the steel industry, 50 percent of our steel production facilities are 25 years or older, while Japan's production steel facilities are 25 years or younger.

Whether it is in textiles, electronics, or the steel industry, we can't depend on American technology because everybody has them. I wish, sincerely, that I could share your nonconcern for this situation, but I have to see, based on the information I have, that the pattern has developed over the last 5 years, and try to keep myself up to date and familiar with the statistics, just the opposite of what you see.

I believe that these figures, which I didn't compute, which are just a conglomeration of all of the areas we have been speaking of, all indicate that we are in deep, serious trouble as far as international trade.

Let me remind you of just one thing; or rather, make particular emphasis of one particular point. This country has become one of the greatest nations in the world because of our industrial activities for finding markets for our products and those markets are shrinking.

You can take a look at our exports and compare them. You can take a look at any one of the facets of industry and take a look at the statistics over the last 5 years and there is no question that we don't enjoy the almost uninhibited market we had in the last 50 years. We just don't have it.

Again we get back to the question, if we are going to train people under this new approach, the Manpower Act we are speaking of, if we are going to do it, we have to find that one answer which you repeatedly referred to, and that is unemployment—where are we going to put these people?

Dr. OKUN. I would certainly agree that we have to do a real job of holding our own in world markets. We are the leaders, and the number twos and number threes are trying harder. We will hold our own only if we are prepared to show the performance we have had in the past.

I would say that my view is not nonconcern as much as well-founded optimism and confidence in the American economy. It is true that people catch up to us in many particular lines, and steel is an outstanding example where we did not maintain our lead.

Now, I think some of the improvement in the steel trade situation is a reflection of a better and more productive catchup in technology on the part of the U.S. producers, as well as the major change in the world steel supply and demand balance.

Every time we say, "Where is our next export surplus going to come from," we manage to come up with something new. Our computer export balance is enormous. On aircraft we keep doing a job that out performs anybody else, and we will be selling 747's and 727's to the rest of the world.

We have got to keep ahead of the game, and it takes a technologically oriented and export oriented economy to do this. Only time can tell whether my optimism is justified. I hope we have the environment of liberal trade so we can see whether it is justified within the next few years.

I would stress that the weakness of the economy we see today is induced by a real effort to cool it off through a tight budget and tight money. If we wanted more jobs, we could have them overnight by unleashing the budget and easing money.

The reason that that would not be wise policy is because it would put acute new pressures on prices and wages. We have got to get rid of inflation as that is really the limiting factor on job opportunities.

Mr. GAYDOS. I will close with the observation that I hope that when I meet you 10 years from now that I was wrong.

Mr. STEIGER. For those of us that don't have the privilege of serving on the Joint Economic Committee, this has been a fascinating experience. Your testimony, Dr. Okun, has been very helpful.

I will ask but one economics question, and then go to some of the questions on the bills and your comments.

Is the characterization fair that we have gone from what originally has been a "demand pull" type of inflation to a "cost push" type of inflation?

Dr. OKUN. I think that is a very accurate one-sentence summary of where we stand today. Really, cost inflation is the heritage of demand inflation.

The demand inflation gets started and it creates pressures which continue to operate long after the initial source is gone. We are coast-ing uphill. People are still in a position where they feel they have to catch up.

It is true of business and it is true of labor. Labor leaders today go into a negotiation and they look back into 1967 when they signed their last contract and they got a 5-percent wage increase per year over a 3-year period. They thought they did well at that time.

Now they look back and say, "We got nothing in terms of real income. Prices ate nearly all of that gain away, and this time we are going to really catch up. We are going to make sure that doesn't happen again." That is a very understandable attitude.

Businessmen have had some of their profit margins eroded away, particularly in 1969 when productivity slowed down. Really it was the curbing of inflation that hurt profits and not the inflation itself. During the period when inflation was roaring ahead and we had demand inflation, profits were doing exceedingly well. Everything we have since seen in history and all of our textbooks tell us that if you get rid of the demand pull and have a little patience, the cost push will ultimately diminish. You don't coast uphill forever.

As I have suggested, I think we can help that process along in a lot of ways.

Mr. STEIGER. I have been fascinated by watching the variations of economic theory insofar as the budget is concerned. You touched on this and something was said about the one-three surplus that is projected for 1971. What is the underlying reason for the close attention now being paid to the budget and the concern over whether it has a surplus or deficit where we have just gone through this most significant shift in budgetary policy from a $25 million deficit to a $3 billion surplus in 1 fiscal year, which didn't accomplish what many thought it would, which was the real break on the economy?

Dr. OKUN. I am one of the bad prophets who thought we would get a much more dramatic and much more prompt effect from that turn in the budget than we did.

I think, frankly, what we have discovered largely was that the patient had a higher fever than we realized, not that the principle didn't work. We did get a slowdown in the economy to some degree. It did begin with the application of fiscal restraint in mid-1968.

If you look back at the record, you can see a change in pace in the economy at that time, but not enough of a change of pace to bring inflation under control. The prescription had to be repeated applications of the sedative medicine, combining fiscal restraint with monetary restraint, which was done last year. We then used both kinds of sedatives and we kept them on longer, and this has begun to do the job.

I would not read this lesson as an indication that the budget doesn't matter. Indeed, if you go back to where the inflation started, the budget deficits that originated with our big growth of Vietnam spending were clearly the villain. You can just see the economy spurt out of control in 1966 when defense spending rose up and no offsetting fiscal restraint measures were taken.

Mr. STEIGER. Should we go to price and wage controls, as someone suggested? Some of the views have been that we need a wage and price control. I am putting them in my own perspective now.

Dr. Okun. I don't think we should turn to any type of mandatory price and wage controls. They look good when you don't have them. Rising prices are a terrible problem. If you want them to stop rising, a law to make them stop rising looks like such a nice solution.

There are other problems in the world, too, and we would learn about some of them if we had price and wage controls. Any price control program that works is going to create some bare shelves; it is going to have to leave businessmen with an incentive to make their products a little shoddier and put less in the box to make up for cost increases. You can't regulate all of those things.

I think I can guess the housewives' attitudes. I know how much my wife dislikes rising prices, but I think controls would create even more pronounced disappointment.

The creation of a Federal bureaucracy to do a job that the Federal Government simply couldn't do everywhere through the economy it seems to me is a very misguided effort.

The market system does a miraculous job. It sets millions of prices and wages every day, and the Government really can't replace it.

Although there is tremendous popular support for control measures today, if they were in effect for 6 months, people would find all kinds of strains and inequities arising. Today business thinks of controls primarily as something that would hold down higher costs, and labor thinks of them as something that would primarily hold down prices, and everybody can love that elephant as long as he is feeling different parts that he thinks are appealing and attractive to him. But if you look at that whole elephant of a price control system, it would not be attractive.

Let me say, as I have said repeatedly in the past year—I feel like a phonograph record on it, that there are areas of administered prices and administered wages in this economy where people have a lot of discretion at any point in time on whether they raise their prices and how much of a wage increase they give or demand. I think we could get some mileage by enlisting cooperation in those areas.

Now, those are not the areas to blame for starting our inflation. If you go back to 1965 or 1966, business monopoly or labor monopoly was not the villain. The prices rising first were the most flexible prices. For a while unorganized wages were outrunning union wages, but now everybody is on the bandwagon; everybody thinks of himself as catching up.

I think we can get the participants in the administered price and administered wage areas to show utmost restraint. If everybody felt this program would have some chance of success, it would get a lot of cooperation.

I don't think there has been a time when business and labor were more cooperatively aware of how important it is to curb the price inflation without putting the economy through the wringer of recession and depression.

Mr. Steiger. Let me go to this legislation which we have before us. You have talked about the trigger mechanism. I assume that in your discussion, and really in your support, of that devise that it has been helpful to both economic and manpower policy, you are not talking about this as something that contributes to an economic rebound; is that correct?

Dr. OKUN. I think of it to some extent as a cushioning of the blow. For example, I can see ways that you can fit it in with the prospects of an economic rebound in a constructive fashion. I don't know whether there are longer term manpower training programs that people would like to experiment with if that had some chance of success, it is worth testing.

It seems to me in a period like this you would want to keep people out of the labor market, give them a longer period of training and get them ready so that basically they are trained to catch the rebound of the economy. But I don't think of this as a way to eliminate the slowdown and generate the rebound. No.

Mr. STEIGER. Second, one thing you did not discuss, and I would be interested in your comments, is the question of what, if any, ought to be the goal of the Federal manpower training program as an upgrading function for those who are now presently employed and for those laid off to open up any new jobs?

Dr. OKUN. This is a difficult area. I think there are some real opportunities from what I know about it. Certainly in terms of overall economic balance, skill shortages often arise in a position where a little upgrading could help most to alleviate them. But our most serious social problems of manpower and our greatest wastes of manpower today are at the lower end of the skill scale. I wouldn't want to see upgrading emphasized to a point where we would be running a kind of trickle-up manpower policy with the hope that, by upgrading some people to a reasonably good position, room would be made for the people at the low end to move up. I don't think that a trickle-up is a reliable process.

There is some of it, certainly. But I think you want a much more pinpointed approach if you are to deal with the very low end of the skill spectrum.

I wish I could be of more help on this. This is a very difficult issue. I don't really have any formula to offer.

Mr. STEIGER. On the other aspect of the administration bill in which, I would be interested in your comments is the so-called job bank idea, attempting to match the man on the job with a more rational basis. Is this something that you think might be worthy of support?

Dr. OKUN. In my prepared statement I did refer to the enormous importance of improved matching, of using our information systems effectively. This is an area where we have greater capability than any nation in the world, and it is my impression from casual reading of programs elsewhere in the world that we are behind. There is no reason for us to be behind.

We can do a lot more to eliminate what is really a tragic waste and social cost where a man who has the skills that some employer wants is jobless while the employer is looking for a man.

It seems to me that is the worst kind of inefficiency and yet does happen again and again because of barriers to information, ignorance, a lack of good flow of information on the matching problems. The job bank idea seems exceedingly well conceived for this purpose.

In general, we need more detailed information about labor market situations and prospects in order to help guide manpower training programs, and I think we can use the specific information about individual matching to help develop a more comprehensive information system.

I have regretted for a long time, that in diagnosing the overall state of the economy, we have no comprehensive and detailed vacancy data. We are forced to rely on other indicators like the "Help Wanted" ad index that the National Industrial Conference Board compiles every month. That is a very useful statistic, and it has been declining in recent months, another indicator of the softening of the major markets. But we need more knowledge of what is going in our labor markets by industry, occupation, and skill class.

Mr. Steiger. The same could be said, could it not, of unemployment? You have discussed this, and I won't take the time to really go into that. But I have always been concerned that we simply go by this 4½ percent, 4 percent—that figure, important as it is, you know, has to be considered in terms of what the makeup is. As you say, it tells us that one-third of the men are unemployed, one-third of the women, and who may be entering the labor market.

But we ought to do a better job, for example, of defining hard-core longterm unemployment, and maybe that should be the most important one.

Dr. Okun. That is true. We need a lot more information about the characteristics and nature of the unemployed. I think we have made more progress in that direction in recent years than we have on the job availability side. There are some very interesting things that the Department of Labor gets out in its Monthly Labor Review and its special reports on the characteristics of the unemployed. It has recently had a very interesting analysis of work experience in 1968 which looks at the way people fared over a calendar year. In some ways, I think, that is a more illuminating indicator of their job situation than looking at any one point in time or looking at their experience in any one spell of unemployment.

For example, it is important to distinguish between the short term nonrecurrent spells of unemployment and recurrent spells of unemployment which may be short term, but yet which add up to a great deal over a year.

A fair number of the unemployed will find a job in the post office or in a retail store for Christmas, or a job at a swimming pool in the summer, and in the spring they may be washing cars.

So, if you look at the length of their stints of unemployment, they are always short term unemployed. But unemployment may be a serious problem for them, even though they never rack up any unbroken string of 15 or 20 weeks of unemployment.

It is rather striking. The number of people for whom unemployment adds up to more than 5 weeks a year—who are taking more than a 10-percent dent in their potential annual income through unemployment—was 6 million, even in high-employment years like 1967 and 1968. About 3½ million of those are adult men. For them unemployment is a real problem.

Mr. Steiger. The gentleman from Pennsylvania has a question.

Mr. Gaydos. A very short question. Is Congressman Mahon from Texas unjustified in his criticism of the administration's approach to the budget in his criticism of the unified budget, or is his criticism solid?

Dr. Okun. His facts are correct. If you viewed this budget in terms of the old administrative budget concept, you would find it very, very substantially in deficit.

Now, the unified budget is not a creation of the Nixon administration. Indeed, I am proud to say it was something that was adopted under the Johnson administration. President Johnson picked a very wise and effective head of that Commission who is now President Nixon's Secretary of the Treasury, Mr. Kennedy, and it is my impression Mr. Mahon himself was a member of that Commission and signed the report.

My good friend and present colleague, Charles Shultze, Director of the Budget under President Johnson, also found that this report was a constructive one.

There is an important message in the unified budget concept; namely, that you have to look at the Federal Government's revenue raising and spending activities in toto if you are appraising their effect on the economy and the money markets. That means that you should be looking at the trust funds as well as the administrative budget.

Now, there is a problem of budgetary allocation, which I think really is dramatized by Mr. Mahon's point. We are running a very large surplus in our trust funds and running a deficit on the rest of our budget.

But from the economist's point of view, Federal tax dollars are coming out of taxpayers' pockets whether they go into the highway trust fund or social security, or whether they go into the general fund. Federal expenditures are expenditures whether they are paid for social security benefits or for general fund purposes. Hence adding this up, as the unified budget does, gives us the best single answer we can get about the total economic impact of the budget.

Now, we do have to distinguish what the budget does to the economy from what the economy does to the budget. If we have an economic slowdown and corporate profits start falling and personal incomes don't rise much, Federal revenues slow down and that tends to put the budget in deficit. That is the kind of a deficit we should accept.

If we have a weaker economy and get lower revenue, we shouldn't want to cut expenditures all the more in order to offset that, because that would make the economy even weaker under those circumstances.

So if we set a budget that will balance, if the economy works out right, I think we have done a reasonably good job. If the economy is weak, it will go into deficit. If the economy is unusually strong, it will go into surplus, because the profits and incomes will generate more taxes. I think this is a reasonable strategy.

Mr. Gaydos. Apparently he has had a change of heart since he is now criticizing the procedure, regardless of who perpetrated the fraud. He is now questioning the advisability of that approach.

Dr. Okun. I think it is important to look at that criticism as a budget allocation question. Does the Congress wish to maintain a situation in which it is building up more revenues than it needs for current outlays in the trust funds and basically spending that surplus on other programs? In some instances it would be fair to say that some of our social security taxes are used for defense spending. I don't think it was Congress' original intent to finance defense with social security.

I think those are important issues. But I do think the unified budget's basic message is the right message about overall economic impact.

In days gone by when we did focus on the administrative budget alone, I think we got a misleading picture of the Federal impact on the economy. We need different budget concepts for different purposes, and for the economist's purpose, the unified concept does work best.

Mr. STEIGER. Thank you, Dr. Okun. Thank you very much for coming, and we appreciate your helpful testimony and your willingness to stay and respond to questions.

The subcommittee stands adjourned subject to call.

(Whereupon, at 12:20 p.m., the subcommittee was adjourned, subject to the call of the Chair.)

MANPOWER ACT OF 1969

WEDNESDAY, MARCH 11, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:05 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Perkins, Daniels, Hawkins, Meeds, Scherle, and Steiger.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant; and Charles W. Radcliffe, minority counsel for education.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

This morning we will continue with hearings on the various manpower bills that are pending before this committee, and which we have had under consideration for some time.

I am pleased to welcome the Honorable Quentin N. Burdick, Senator from the great State of North Dakota, a former colleague in the House, who has won the esteem and affection of not only his colleagues in the House, but in the other body, and who has always had a great interest in the problems of his constituents, particularly the Indians of his State.

Senator, I wonder if you would step forward to the witness table, together with your constituent.

Before you proceed, I would like to acknowledge the presence of the distinguished chairman of the full committee, the Honorable Carl Perkins.

Mr. Perkins. I want to concur in everything that our distinguished chairman, Congressman Dominick Daniels, has stated about you, Senator Burdick. It was a great pleasure for me to serve with your distinguished father in the House of Representatives. We have never had a more dedicated gentleman to serve in the Congress than your distinguished father, nor a more colorful figure. I was proud to see you succeed him in the House of Representatives, and I have followed your career in the other body with great interest.

You have made a great contribution to our legislative bodies. I am delighted to join with the distinguished subcommittee chairman in welcoming you here this morning.

Senator Burdick. Mr. Chairman, members of the committee, first of all, I would like to thank my former colleagues for those kind words, and as you know I had 18 or 19 months in the House. I enjoyed that period very much. As you know, events occurred that compelled me to seek the other body, but I haven't forgotten my association over here in the House with its great Members.

At this time, I would like to introduce Mr. Jamerson, who sits at my right, and Mr. Ankle, who sits at his right.

Mr. Jamerson is one of our outstanding Indian leaders. He is a former tribal chairman and a former tribal councilman. He is a veteran of World War II, a veteran of the Korean conflict, and presently he is coordinator for the United Tribes Employment Training Center at Bismarck, N. Dak.

The United Tribes is an organization that brings together the four major reservations in North Dakota, Fort Totten, Fort Yates, what we call Turtle Mountain Chippewa, and the three affiliated tribes.

The Indian people in North Dakota, through this association, have formed a unity, and they more or less speak as one today concerning their problems, their futures, and their hopes.

So, I give you Mr. Jamerson, who I consider a good friend, a thoroughly qualified man, and I know the subject matter he deals with will be something he knows from experience, and knows something about.

So, with a great deal of pleasure, Mr. Chairman, I present to you Mr. Jamerson.

STATEMENT OF THEODORE JAMERSON, COORDINATOR, UNITED TRIBES EMPLOYMENT TRAINING CENTER, BISMARCK, N. DAK.; ACCOMPANIED BY THEODORE ANKLE, CAP DIRECTOR, STANDING ROCK SIOUX TRIBE, FORT YATES, N. DAK.; AND JAMES McLAIN, TRIBAL COUNCIL, STANDING ROCK SIOUX TRIBE, WAKPALA, S. DAK.

Mr. DANIELS. Mr. Jamerson, we extend you a most cordial welcome. You may proceed with your statement. I do not know if you have a prepared statement. If you do, you may read it or summarize it.

Mr. JAMERSON. I do.

Mr. Chairman, distinguished Members of Congress, friends, officials: It is indeed a pleasure today to have you extend to us this privilege of appearing before you. I have to my right, Senator Burdick, who is a real friend of the Indian people, said, Mr. Ted Ankle, who is our program director for the Standing Rock Indian Reservation: Mr. Ankle is a member of the Standing Rock Sioux Tribe, graduated from college, has been in business for 19 years, and now has come back to the reservation to help his people.

I bring to you today, distinguished Members of Congress, a message from our Indian people. I am speaking in their behalf, authorized by the United Tribes of North Dakota, to represent them today.

I address this to the Select Labor Subcommittee, Education and Labor Committee, attention, Mr. Dominick V. Daniels, chairman, Member of Congress, from Theodore Jamerson, coordinator, United Tribes of North Dakota, United Tribes Employment Training Center, subject, Senate bill 2838 and House bill 13472.

My name is Theodore Jamerson, coordinator for the United Tribes Employment Training Center, Bismarck, N. Dak., and coordinator for the United Tribes of North Dakota, the Devils Lake Sioux Tribe, Turtle Mountain Chippewa Tribe, Three Affiliated Tribes (Mandan, Hidatsa, and Arikara) and the Standing Rock Sioux Tribe which are the tribes that comprise the four Indian reservations in North Dakota and the Standing Rock Indian Reservation extends into South Dakota.

Today we are here as official, tribal leaders, authorized by the United Tribes of North Dakota to represent them in presenting this statement.

We want to express our immeasurable appreciation and gratitude to the Members of Congress for granting us the privilege and honor of being present. Thank you.

Past history for the treatment of our Indian people has not been very good, today this is a blot on the conscience of America. Today we are here requesting and seeking your help in allowing us to continue in a direction that is meaningful and positive.

The experts on the State level and regional level and self-appointed experts on the national scene have had a tendency to set up material and social goals that everyone is expected to attain and yet fail to provide the means for their attainment. It is bad enough for your society to impose such impossible demands on its own members; it is worse to impose them on our Indian society.

Down through the years the Federal policy has usually been characterized by a determination to do certain things to the Indian for his own good—it being assumed that the white man as the inheritor of a larger civilization knows better than the Indian what the latter's best interests are.

Many of our Indian reservations in the Midwest have lost thousands and thousands of acres of rich land in the development of the Missouri River Basin in flood control.

This experience has caused suffering by our Indian people and have left psychic scars that will be hard to erase in the foreseeable future.

Although the task of analyzing the psychological effects of construction of the dams must be left to qualified sociologists, it is obvious to anyone familiar with the history of the reservation during this period that the building of dams disrupted a way of life that had its roots deep in the past.

For our Indian people it meant flooding the rich grasslands of the bottom lands, the bread basket of our Indian reservations. We were forced to abandon the rich bottom lands and relocate to the higher upland acres. Our Indian people had found a way of life which, however unacceptable it might have been to most affluent, middle class whites, provided many satisfactions to those who practiced it. From the Indians' point of view, the building of the dams and the interference of the old way of life constituted another example of the white man's persistent effort to force the native people of this continent to become like himself.

Fine new houses are being built for them, complete with water and sewer and electrical connections, but the jobs are not available to provide the income needed to keep up the houses and pay for the conveniences that accompany them, according to the affluent, middle class ideal.

If the house falls into neglect and disrepair in a few years, many of the white men will be confirmed in their belief that Indians are lazy and it doesn't pay to do anything for them.

Since the inception of the 1964 OEO legislation, and other Federal programs that are in operation throughout Indian country, the Indians are involved in solving their own problems. Indians working with Indians in these programs have caused a motion of the positive direction which has taken thousands of Indian people off the welfare rolls and have given the Indian pride, regaining their self-respect and finally they are saying "what are we going to do for ourselves?"

The Indians today note with evidence of suspicion any State-operated programs that are tied in with the "State politicians." From past experience, State programs have not been too good when the politicians have ulterior motives.

All the tribes of North Dakota have passed resolutions requesting the State of North Dakota to place qualified, experienced Indian people in key State positions. To date this has not been done, and from all indications, it will not be done unless we continuously remind the State to do so.

From the facts gathered with States that have Indians and reservations, North Dakota is the only State that does not employ Indians to work with Indians. This a step forward to get our people to assume more and more responsibility.

The United Tribes of North Dakota go on record today to oppose any legislation that will cause undue hardship to the Indian reservation. We oppose the State controlling the manpower programs: we oppose the State in controlling any Federal-funded programs like OEO, and so forth.

We want to continue our relationship as is, that is, the Federal Government dealing directly with our tribal councils which compose a separate political entity. We ask you Members of Congress to consider seriously amending Senate bill 2838 and House bill 13472 so the tribes will be the prime sponsors contracting directly with the Federal Government.

Your kind consideration and support will be appreciated and in all fairness to our Indian people, we are seeking your help to assist us in moving ahead.

Never before have the Indians had the opportunity to operate and manage their own affairs. What has taken place the last few years has been very good—Indians being involved in solving their own problems.

Let us continue to work together but please help us keep the goose alive. Let us not kill the goose that laid the golden egg—simply, this has been a golden opportunity for our people to start moving ahead with your kind assistance and we do not want to get caught in the crossfire of cheap State politics.

We Indians are concerned. If we do not amend these two bills, we will set the Indians back, and again we will be used as a political football.

Your sincere and honest deliberation will be appreciated by our people.

Thank you.

(The full statement follows:)

STATEMENT OF THEODORE JAMERSON, COORDINATOR, UNITED TRIBES EMPLOYMENT TRAINING CENTER, BISMARCK, N. DAK.

The Indians of the United States are deeply concerned with Senate Bill 2838 and House Bill 13472 which will have a very adverse effect upon the Indian Tribes and the United States to reach their ultimate goal of self-sufficiency and managing their own affairs.

The Indian Tribes of the United States request the members of Congress to amend these bills to read that "Indian Tribes or Indian Reservations be the prime sponsor of the programs coming under these bills."

Your kind attention and support will be appreciated very much!

Since the inception of the OEO programs in 1964 the Indian tribes have proven that if given an opportunity they can move ahead in a positive direction and assume more and more responsibility which is the ultimate goal of our members of Congress.

Currently the arrangement is such that the Indian Tribes are administering their own programs such as Neighborhood Youth Corps, Operation Mainstream, etc. by contracting directly with the Federal Government. The Indian tribes prefer to continue this arrangement by acting as prime sponsor and contracting directly with the Federal Government.

In recent years the Indian tribes of the United States have moved ahead in a positive direction!

As Coordinator for the United Tribes of North Dakota and as an advisory member of the Commissioner of Indian Affairs twelve member Committee representing the total Indian population of the United States and Alaska, I can say that it will be shameful and ridiculous to place the destiny of the Indian tribes in state politics. It is of the utmost importance that we keep the development of the human resources out of state politics.

From past history and past treatment of our Indian Tribes by some of our non-Indian politicians it is a well known fact that we will end up with the crumbs. I ask you in all fairness to our people, the first Americans, that we be allowed to continue down the path of progress, and be kept out of the ever present political football that will result.

We request that you look at the records and compare our success and progress to what has taken place with the non-Indian programs that are under the state.

We humbly seek your support, and we need your help to amend this legislation.

Mr. DANIELS. Mr. Jamerson, does your colleague, Mr. Ankle, desire to make a statement?

Mr. JAMERSON. I would appreciate it if Mr. Ankle would elaborate on his present position and how he feels toward the present operation and what would happen if the State did operate our other programs.

Mr. Ankle?

Mr. DANIELS. Before you proceed, then, am I correct in my summarization of your views that you oppose the Federal Government decentralizing these programs and vesting authority in the States to operate them?

Mr. JAMERSON. Yes, sir; certain programs, the manpower programs.

Mr. DANIELS. That is a correct analysis of your views?

Mr. JAMERSON. Yes.

Mr. DANIELS. Mr. Hawkins, do you have any questions?

Mr. HAWKINS. Mr. Jamerson, as I understand, you are advocating that the bill before you, H.R. 13472, be amended so that the tribal organization you represent in North Dakota may become a prime sponsor in the operation of the employment program?

Mr. JAMERSON. Yes, sir.

Mr. HAWKINS. You have made a statement that I may not have heard correctly, that no Indians are employed to work among Indians?

Mr. JAMERSON. At the State level. I am talking about the State capital in North Dakota.

Mr. HAWKINS. That is the situation in North Dakota, that no Indians are employed in programs to work among Indians?

Mr. JAMERSON. I mean in key positions, such as the director of Indian education, the executive director of Indian affairs, or any Indian employed in the State office.

We do have Indians at the reservation level working for the State.

Mr. HAWKINS. I see. What efforts have you made to obtain the employment of Indians?

Mr. JAMERSON. We have adopted resolutions, and are requesting the present administration in North Dakota to recognize that we do have qualified Indians to be holding down these key jobs in the State capital.

Mr. HAWKINS. You have submitted the names of qualified Indians?

Mr. JAMERSON. We haven't submitted the names, but we have submitted the recommendations to the man who is the liaison between the Indians and the State.

Mr. HAWKINS. How about the OEO program? Are Indians involved in any important positions within that program working among the Indians?

Mr. JAMERSON. Speaking about the State, we do have one Indian who is a clerk, but the Director and the other personnel directly under him are non-Indian. Mr. Ankle and other Indian people at the reservation, who are contracting with the Federal Government at the present time, do operate their own programs without going through the State, at the present time.

We have an Indian desk here in Washington, D.C., who is doing a tremendous job in their area, and I certainly feel that this has been one of the answers for motivating our Indian people to get up and start doing things for themselves.

Mr. HAWKINS. Do I understand you to be asserting that in those decisions that have affected you, such as flood control, the operation of the poverty program and all of the other programs that you have never been consulted, or consulted only on a limited basis?

Mr. JAMERSON. The flood control was imposed on us through the Corps of Engineers, but in the poverty program, we have had the opportunity to work with the Federal Government directly and operate our own programs and other programs that are beneficial to the Indians.

Mr. HAWKINS. Is this the only one of the programs that you have had any opportunity at all to be consulted about, the Office of Economic Opportunity programs?

Mr. JAMERSON. Yes, and in manpower programs, sir.

Mr. HAWKINS. Some manpower programs?

Mr. JAMERSON. Yes.

Mr. HAWKINS. I would like to say that I certainly agree with you in your views, but I hasten to add that I represent a minority. I am afraid that the proposal before us, as well as most of the other proposals of this session, seeks to give greater control to the State, and I think that you must be faced with that practical consideration, that this administration has pledged to turn over to the States, not only the operation of the manpower, but the operation of most of the other programs.

Mr. JAMERSON. Let me interject this: The United Tribes of North Dakota recently have formed a United Tribe of North Dakota Development Corp., which is a nonprofit organization operated under the present State laws.

These are four Indian tribal chairmen who comprise a board of directors, representing all the tribal councils in the Indian population of North Dakota.

Through this move, when we were ready, we have contracted with the Federal Government to operate a United Tribes Employment Training Center at Bismarck, N. Dak., which is serving nine States, approximately 45 Indian reservations throughout the United States.

This training center is operated by the Indians, themselves, for Indians, with the assistance of technical and management know-how experience by Bendix.

This has proven very successful so far. By doing this, we have kept State politics out. Down through the years, some of our Job Corps fell by the wayside due to State politics, but this is not the case with the United Tribes Employment Training Center, which is operated for and like a business.

We are serving the low-motivated, low-education, the disadvantaged people, the hard-core unemployed. This is the only training center in the United States, and it is very unique.

The Indians founded it and are operating it, and we are getting something done. We are training 24 hours a day. In some of the training centers, they train only from 8 to 5, but we are happy to say that we are training 24 hours a day.

We train the husband and wife and children. Presently, we have around 80 students, not counting the children, which number nearly 100, in day care, from 7 months old up through high school, to attend a nearby school.

This direction that we are going in now is something that should be studied by other States throughout the United States, because it has caused the Indians to get into business and start doing things for themselves, but we feel, the Indian reservations that the manpower programs that are being directed to the States for our Indian reservations should be a direct pipeline from the Federal Government, here in Washington, to our tribal councils, who are a separate political entity, different from State government, and we are free from State politics.

Thank you very much.

Mr. HAWKINS. Thank you.

Mr. DANIELS. Mr. Ankle, you may proceed.

Mr. ANKLE. I certainly appreciate the opportunity to speak to you people, and that Senator Burdick has given me this opportunity to talk to you people and all concerned.

I am an OEO director, representing North and South Dakota, and I am here supporting Mr. Jamerson's statement. This is the first time I have an opportunity to talk in a congressional building. I taught school for 19 years, and when I graduated back in 1951, my mother said, "Now, you have a high school education, you have the best education possible."

At that time, high school was feasible, but, today, you must have a college education, and at that time the trend was to get out of the reservation and stay away, because there was no progress.

In fact, if you spoke Indian on the playground, you were on detention. Today we are getting away from the language, and most educated students have broken away from the reservation, but the best thing that has ever happened to the reservation is the OEO program.

Now, we are bringing the educated people back to the reservation to help rub this education off on the low-income type of people, and today the dropout is tremendous, the school dropout, is tremendous on the Indian reservations.

Speaking on a national level, and this is put out by the Department of HEW, out of every 100 children enrolled in the fifth grade today on a national average, only 66.7 percent complete their high school education.

Out of that 66.7 percent, only 25 will qualify for college education. When I think about the dropout, I shake in my shoes.

So, as OEO director, I have got a real positive staff now. Our chairman's name is Mr. Doug Skye, who has been with the Federal Government, civil service, for 37 years. He is a tribal chairman. He is a very understanding guy. He understands the problems and such.

My Headstart director has taught school for 17 years in the Los Angeles school systems, and has a master's degree in education. She is the director of the Headstart program, and we have seven Headstart centers, which serve ages 3 to 5, and five out of the seven staffed with degree holding Indian teachers from the reservation.

We are seeking two more teachers to complete our staff for the coming year.

At the present time in the OEO program, we have 80 Indian people working, and since 1964, when the OEO program was established, the people in the reservation, their attitudes have changed tremendously. They have good business references now, and they are thinking ahead at all times.

This summer, with the housing development, we are going to have a staff of 280 Indian people working.

So we are moving ahead, and I, as a classroom teacher, am trying to install a positive mental attitude among the people. They have a tendency to think negatively, but I kept reminding them every day to smile and agree, and try to replace the negative attitude with a positive mental attitude.

Like Mr. Jamerson said, if we do have the State take over OEO, if that happens, I am afraid. If you have any questions, I will be glad to answer them.

Mr. DANIELS. How many people are involved in the United Tribes of North Dakota? Mr. Jamerson mentioned earlier that there are four tribes involved. What is the total population?

Mr. JAMERSON. 21,450 people, approximately, Mr. Daniels.

Mr. DANIELS. On this OEO program that you direct, are all of the personnel Indians?

Mr. ANKLE. Yes.

Mr. DANIELS. How many people are enrolled in the program?

Mr. ANKLE. At the present time, like I said, there are 80.

Mr. DANIELS. Eighty?

Mr. ANKLE. On the staff, but we have housing on the reservation, and we will have a total staff of 280.

Mr. DANIELS. Would you elaborate on the housing program you referred to that is about to commence this summer? This will present additional opportunity to your enrollees. I would like you to elaborate on that and explain to the committee how they will become involved.

Mr. ANKLE. Back in South Dakota, March is usually our bad month, because we have blizzards out there in South Dakota. In April, we figure we will get going on the housing development. We have seven districts out there in Standing Rock, and some of these people are low-income families. Some are on aid, and some have various jobs.

The housing development will be according to their income. In other words, if they are on old-age assistance, their rent isn't quite as high, but we are going to build in the seven districts, perhaps seven in Wakpala, and 10 in another, and these are our districts.

Mr. DANIELS. These are financed by the Federal Government and how many units are contemplated?

Mr. ANKLE. About 120.

Mr. DANIELS. Will the people employed on this construction be all Indians?

Mr. ANKLE. Yes, we intend that. Most of these, we are dealing with real low-income type of people. Their attitudes are negative, and they have never had an opportunity to have a job, of this sort.

Mr. DANIELS. Will you kindly explain to the committee where these Indians receive their know-how, where they obtain their training to be engaged in this type of building construction?

Mr. ANKLE. These people are going to be working on the housing.

Mr. DANIELS. Have they been trained by the department programs you direct?

Mr. ANKLE. Yes.

Mr. DANIELS. And they are engaged in all different types of skills, plumbing, carpentry, masonry, and so forth?

Mr. ANKLE. Yes. We are trying to teach them some type of skill so they can get on their own and compete.

Mr. DANIELS. What is the age range of those enrolled in your program?

Mr. ANKLE. On the housing, you mean?

Mr. DANIELS. No, in the OEO programs?

Mr. ANKLE. It all depends. We try to get our educated people back and be the appointed heads. I supervise Headstart, adult basic education, Neighborhood Youth, Career Development, and we are doing a tremendous job on these various things.

Then, I am the supervisor over the housing development, and emergency food for the poor people, the low-income type of people, and then we have neighborood centers where the older people can do beadwork, and sewing, and such to earn extra money. They range in age from 60 to 70, the people that don't have any opportunity or any income, we try to hire those types of people.

Then we have neighborhood food and emergency, and community health representatives, but these work directly with the Health and Welfare Department.

They go into homes and teach hygiene, sanitizing their homes and various fundamentals of hygiene.

Mr. DANIELS. When did this program commence?

Mr. ANKLE. Well, we usually get—it all depends. As far as OEO is concerned, here at the head office, we are No. 1 in the United States in progress.

Mr. Daniels. When was it started, in 1964?

Mr. Ankle. Yes.

Mr. Daniels. Can you tell me the number of students who have dropped out after being enrolled in the elementary and secondary schools for the training programs?

Mr. Ankle. On our reservation, it is about 50 percent.

Mr. Daniels. Fifty percent?

Mr. Ankle. Yes.

Mr. Daniels. That is kind of a high average. Can you tell me the reason why they dropped out?

Mr. Ankle. The main purpose is reading readiness. Most of these people don't have home references and such, and they can't compete in school. At their level, they think they are doing great, but when they get in a college, this is where they have difficulty in reading.

I spoke Indian until I was 7, and when I went into the first grade I had to learn to speak English, and this was a handicap, because I speak Sioux Indian.

They are taking two steps: translate Indian into English, and comprehend it. It is exciting work, and I am eager to get back and motivate my people again.

Mr. Daniels. I think you have done an outstanding job from what you have stated here this morning. I would like to compliment you.

Mr. Ankle. You have to love people to work with them like this. I get up every morning smiling and looking forward to the coming day. It is exciting, because we are rebuilding. The State doesn't know the real, basic fundamentals of the Indians.

When I visit the districts, I speak Indian with them, have a cup of coffee with them, and let them be involved. You have to be a good listener to motivate these people.

Mr. Daniels. It is a fine philosophy, and I hope you will be successful.

The gentleman from California, Mr. Hawkins?

Mr. Hawkins. Are the reservations scattered through the States?

Mr. Ankle. We have no industry on the reservation. We have $1,900,000 for the special impact, and so we are going to build a new motel, cafe, swimming pool, golf course, and it will be right on the reservation pretty close to where Sitting Bull was killed.

Mr. Hawkins. Is this the headquarters that you are speaking of for the various tribes?

Mr. Ankle. Yes.

Mr. Hawkins. Where is this located?

Mr. Ankle. Standing Rock.

Mr. Hawkins. That is all within a specific county, isn't it?

Mr. Ankle. Yes, south Sioux County.

Mr. Hawkins. Within that county, what is your population as compared with that outside the reservation?

Mr. Ankle. The total population is about 5,000 and with the Indian agency, we have probably about 850 right within the area.

Mr. Hawkins. The bill provides that the area should consist of a city, county, town, or such other unit of local government, and within that unit presumably the highest elective official would become the appropriate official for the State to designate.

I was trying to find out some basis upon which the State would have rational grounds for designating the reservation as the prime sponsor, and if not, it would seem to me that the language of the bill should be clarified in order that, at least in those areas where the reservation is in a rather dominant role, that the reservation should be designated as a prime sponsor.

I see no particular rationalization in designating the county official or the official of that particular town which is nearby as the prime sponsor on the reservation, itself.

Now, provided we could amend the bill in order to so clarify it, do you think that this would at least be some relief to you in the passage of this bill, assuming, of course, that the bill is going to be adopted?

Mr. JAMERSON. Mr. Chairman, I want to elaborate, if I may be given the opportunity?

Mr. DANIELS. Yes, you may.

Mr. JAMERSON. I had the opportunity to work up all the workable programs on housing, which we are talking about, and during this time I was chairman of the Code Review Committee. We had people in there, engineers, businessmen, contractors, and so forth.

We worked up a set of codes, building codes, electrical, plumbing, and so forth, paralleling the national building codes, and these codes were adopted by a tribal council in April, around 1963, by the Standing Rock Sioux Tribe, and most recently, the commissioners of Corson County, which is all non-Indians, a group of county officials, which is a subdivision of the State, these county commissioners in South Dakota adopted our codes, and the Sioux County commissioners followed suit. They adopted our codes, the ones we drew up and are using at present, and approved by the people in Washington, D.C.

What I am trying to say is that the Indian reservations in our areas are further ahead in their administration of the management of affairs than some of our political subdivisions of the State.

This is what I am trying to tell you, that it would be ridiculous and shameful if we did have to go under the county system, because our law enforcement, our schools, our tribal government, our programs, are so far ahead that it is really ridiculous that we be placed back in archaic times.

I certainly do not want to seem to take issue with our county governments, but we are moving ahead in a direction that Congress really wants us to move ahead, and that is a positive direction. We are free from being caught in political crossfires.

What I am trying to say is that the counties in our reservation, in our area, are following the examples we set. We include them in our economic development administration program.

Most recently, in our last legislation, I was called upon by the State legislature committee on industry in the State of North Dakota to appear—imagine this, an Indian from the reservation was called upon by the State to appear in behalf of the State, for their appropriation in economic development—because we at the reservation level are moving and planning and hoping that we will be left this way.

Thank you.

Mr. HAWKINS. Mr. Chairman, at the appropriate time, I am going to offer an amendment to allow the tribal governments to become prime sponsors of the planning and operation of these programs. I hope I can get the support of enough members of the committee to adopt such an amendment, and I hasten to add that I was very regretful that I can't do the same thing for the operation of programs in the black and brown ghettos of America, as well, but certainly there may be some rationalization that applies to the tribal government reservations that will be perhaps persuasive in having the members adopt it, but I do intend to offer the amendment.

Mr. DANIELS. We are very happy to have the testimony of both of these gentlemen here this morning.

Do you have any further questions, Mr. Hawkins?

Mr. HAWKINS. No further questions.

Mr. DANIELS. The gentleman from Iowa, Mr. Scherle.

Mr. SCHERLE. Just a few questions, Mr. Chairman.

You made the statement initially that your OEO agency ranks No. 1 in the Nation in progress?

Mr. ANKLE. Yes. The reason why I say this is that on other reservations, their bookwork and such is not balanced as well as it should be. Our reports are in the office when they are supposed to be and the auditors went through our books, and they are in A-1 condition.

Mr. SCHERLE. You mean you were A-1 as far as your bookkeeping system was concerned?

Mr. ANKLE. That, and our progress as far as bringing the educated people back and rubbing this off on the youngsters. The ages in the Headstart program are from birth until 4 years of age. Their minds are like sponges. They are unselective. If we can motivate many with reading readiness, 50 percent of what they hear and see, will be absorbed and then from 5 to 9, 30 percent, and then from 10 to 17, 20 percent.

So, what we are dealing with right now is the negative type of people that are school dropouts and such, but if we can reach them at kindergarten, when they are young, they will be easily motivated.

Mr. SCHERLE. How old is your normal kindergarten?

Mr. ANKLE. From 3 to 5.

Mr. SCHERLE. Did I read somewhere in some periodical concerning the Headstart program, depending on the age, that they had soon forgotten most of what they had been taught in Headstart?

Mr. ANKLE. Well, this isn't so with us. I talk to a lot of principals of schools, and they said that since we have OEO, when they become first graders they are ready, they have got this reading readiness, and so they can easily be taught.

Previously to that, most of the Indian people spoke Indian and it took the first grade to motivate them, and by that time, they were already behind.

Mr. SCHERLE. Does your Headstart teach English from the very beginning?

Mr. ANKLE. Yes.

Mr. SCHERLE. Other than what their normal tongue at home is?

Mr. ANKLE. Yes, but at home their parents speak Indian. I can speak both, which helps. The other day at a tribal council meeting, I made my speech in English.

Mr. SCHERLE. At home, my folks talked German.

You mentioned NYC as a program?

Mr. **Ankle.** Yes; Neighborhood Youth Corps.

Mr. **Scherle.** I thought that was a type of a program that would be fostered by an agency to find employment for particular people. Is my interpretation correct?

Mr. **Ankle.** Yes. We all work together. You take the Career Development, which is an OEO program. If they have a high school education, at the end of 4 o'clock when the children go home, they talk about what they did for the day, and they get 2 hours' course credit toward their college credit.

Mr. **Scherle.** What do they talk about?

Mr. **Ankle.** What they did for the day, child psychology, and at the end of the week, they hand in a report and say what they did, and they get an examination, and they get college credit.

Mr. **Scherle.** College credit?

Mr. **Ankle.** Yes. In the summertime they go to summer school to upgrade their college credits. They might get six or eight credits.

Mr. **Scherle.** I think we have jumped from kindergarten to college awfully fast. Let me see if I can't back up.

You mentioned a moment ago that 50 percent of your enrollees dropped out of the programs. Is that correct?

Mr. **Ankle.** This is just estimated.

Mr. **Scherle.** It could be higher?

Mr. **Ankle.** It could be higher. It fluctuates.

Mr. **Scherle.** What reason do you give for that?

Mr. **Ankle.** For this dropout, you mean?

Mr. **Scherle.** Yes.

Mr. **Ankle.** Well, what we are trying to do with OEO is to give the parents some type of a job where they can support their children toward education so they can have these opportunities. A lot of them don't have clothing, or clothes to go to school, and, of course, if their parents can work, they can buy textbooks, reference materials in the home.

Mr. **Scherle.** Aren't textbooks and different school materials provided to these kids?

Mr. **Ankle.** Well, of course, they only spend about 7 percent of their time in school, and what I am trying to say here is that 93 percent of their time is spent at home, church, and in the community. They are home all summer long. They only spend 7 percent of their time in school.

Mr. **Scherle.** How would that 7 percent in school compare with the average child? Aren't they supposed to go 180 days?

Mr. **Ankle.** Yes; something like 180 days.

Mr. **Sherle.** At 7 percent of their time in your school, they would have to go until they are 70 years old to even graduate from the eighth grade, wouldn't they?

Mr. **Ankle.** This is from 9 to 4 under their teacher's influence, so they are home from 4 until 9, and they are home every night, every weekend, and so what I am trying to average it out—93 percent of the time is spent in the home, church, and community influences. The other 7 percent is spent in the schools.

Mr. **Scherle.** How long has the OEO program been in effect?

Mr. **Ankle.** 1964.

Mr. Jamerson. Mr. Chairman, a correction, please. With the assistance of Federal people, we wrote up the first programs for Standing Rock Indian Reservations. We went into effect on June 6, 1965. This was the actual date that the programs were put into effect at Standing Rock, but the other reservations, Fort Totten and so forth, did have them before Standing Rock.

Mr. Ankle. This is just my fourth month that I am completing. I have been teaching and so forth, so I am just learning the business.

Mr. Scherle. Is this what you would call a CAP agency?

Mr. Ankle. Yes; community action program.

Mr. Scherle. How many programs do you have, all told?

Mr. Ankle. Headstart, adult basic education.

Mr. Scherle. What is that?

Mr. Ankle. That is for those who drop out of school. It might be ages 18 to 30 or 40, or what have you.

Mr. Scherle. What do you teach in that?

Mr. Ankle. If they drop out in sixth grade, we have a head teacher and two roving teachers, and they progress at their own pace and complete 1 year, and then they give them this adult basic education test, which is called a general—GED, the one that servicemen take. This is equivalent to a high school diploma.

Mr. Scherle. You mean if they dropped out, they could get a high school equivalency certificate?

Mr. Ankle. Yes. This is a real great thing.

Mr. Scherle. Nothing in the world ranks second to education. I am just trying to follow the pattern.

Mr. Ankle. It will be really interesting to have some of you people come out and visit our Headstart program and OEO program in Standing Rock and see what we are doing.

Mr. Scherle. I am very critical of the OEO agency, not because of the goals established by the program, itself, but the administration has certainly disillusioned me in many instances. When I am being critical, it is constructively critical, because I want the money to go to the people for whom it was designed, and not perpetuate a lot of administrators.

You also mention a national food aid emergency?

Mr. Ankle. Yes.

Mr. Scherle. What does that program do?

Mr. Ankle. That is for the needy. Probably they are living on old-age assistance. They can't possibly afford to buy groceries.

Mr. Scherle. Do they get any other welfare money?

Mr. Ankle. A lot of these people don't have social security.

Mr. Scherle. I know, but some do. Is there no other welfare money at all?

Mr. Ankle. From the State.

Mr. Scherle. What did the people do before the OEO came into existence?

Mr. Ankle. I have been away from the reservation.

Mr. Jamerson. Mr. Chairman, the Honorable Mr. Scherle wasn't present when I made my statement, that before OEO came into Standing Rock or any of the reservations, I would say over 80 percent of our Indian population on our Indian reservations was without work. They were needy, indigent Indian people.

Right around this same amount, 80 percent, are receiving commodities, but with OEO and our other programs that have come to the reservation, we have taken these people off the welfare rolls, we have placed them into meaningful and good work where they are learning and establishing work habits, and recognizing time, which is of real importance to the Indian people.

We joke about IT, Indian time, but through these programs the Indian people are standing up and doing something by learning to work, establishing good work habits. The real problems on our Indian reservations are not physical or natural resources. The need is now, today, to recognize the big problem, which is social and psychological.

Our people are really in need of programs in the field of mental health. Our people, the majority of them on welfare, were not being motivated prior to these Federal programs, but now, with the little programs we do have on the Indian reservation, we have been looking through a long, long tunnel, and we see a dim light.

But this light is getting brighter, because we are scratching the surface by using OEO and other programs that have helped our Indian people stand on their own two feet and start doing things, because Indians manage and operate their own affairs.

Like I said before, down through the years, the experts at the State level and regional level, and self-appointed experts at the national level, have had a tendency to do things for the Indian, the individual Indian, for his own good, without the Indian's best interests at heart.

What I am trying to say is that OEO has motivated our Indian people in a forward direction. OEO, on the Indian reservation, is certainly different than the urban OEO programs where you haven't really interlocked with your political machinery.

At the Indian reservations, this is not the case. We are operating our programs in a businesslike manner, and that is why we want to keep out of being caught in the crossfire of State politics.

Do you know, through the years, we have been making excuses, and we want the Members of Congress to recognize that we have been used as a political football, but we want to be left as a political entity by ourselves, like the Honorable Mr. Hawkins made his recommendation and offered an amendment, this is all we ask, to live and let live.

Mr. Scherle. Don't misunderstand me. I would be the last one in the world to ever want to take anything away from you. I am a great lover of history, and this country. The Indians have made great contributions to the development of this country. We could never repay you for the heritage and customs that helped develop this great country. I am proud to note that in this one instance, OEO has served a purpose with you people, who are the backbone of this Nation. You have an opportunity to develop your interests, and no one could have a higher regard than I have for the Sioux Indian, so it is a pleasure to have you here this morning.

Mr. Jamerson. Thank you very much.

Mr. Chairman, I wanted to add an introduction. Mr. McLain to my left, who has been with the tribal council since 1920. He is 70 years old. He is still very active in tribal affairs, and we are happy to have him with us.

I also want to say that our new Commissioner of Indian Affairs has taken a real fine step in getting the Indians to become involved in solving their own problems, and he is to be commended for his direction. He is assisting us in doing this, by doing our own thinking, and we certainly respect the Honorable Louis R. Bruce.

Mr. DANIELS. Thank you for your testimony.

I assure you your testimony will be given very serious consideration by this subcommittee.

Mr. JAMERSON. Thank you.

Mr. DANIELS. Our next witness is Mitchell Sviridoff, vice president of the Division of National Affairs of the Ford Foundation.

STATEMENT OF MITCHELL SVIRIDOFF, VICE PRESIDENT, DIVISION OF NATIONAL AFFAIRS, FORD FOUNDATION, NEW YORK, N.Y.; ACCOMPANIED BY BASIL J. WHITING AND ROBERT SCHRANK

Mr. SVIRIDOFF. Thank you.

Mr. DANIELS. Mr. Sviridoff has appeared here at the request of the subcommittee, to enlighten the subcommittee on what technical assistance we can get in the matters we have under consideration.

Mr. SVIRIDOFF. Thank you, Mr. Chairman.

Let me first request that the statement which I have submitted to you be entered into the record. I would like to summarize it very briefly.

Mr. DANIELS. Without objection, your statement will be incorporated into the record at this time.

(The document referred to follows:)

STATEMENT OF MITCHELL SVIRIDOFF, VICE PRESIDENT, DIVISION OF NATIONAL AFFAIRS, THE FORD FOUNDATION

I am Mitchell Sviridoff, Vice President for Division of National Affairs of the Ford Foundation. This Division is responsible for the bulk of the Foundation's domestic programming apart from the arts and apart from education as provided by established educational institutions. The Foundation's grants in manpower are part of our responsibilities and they have averaged approximately $4 million per year in the last several years.

By way of personal background, I have been involved with labor and manpower activities for over 30 years. Immediately prior to assuming my post at the Foundation, I spent two years in New York City first designing and then administering that City's Human Resources Administration, the first major attempt to combine a big city Mayor's manpower, welfare, community action, and educational responsibilities in one agency. And for 4 years before that I was Executive Director of New Haven's Community Progress, Incorporated. CPI was one of the Ford Foundation's "Grey Areas" projects, which, with the activities of the President's Committee on Juvenile Delinquency, served as one of the early—and, I think, most successful—models for the poverty program.

I am accompanied this morning by Mr. Basil Whiting, the Foundation's Program Officer handling the the bulk of our manpower efforts, and by Mr. Robert Schrank, formerly a Deputy Commissioner of Manpower for the City of New York and before that Director of the Urban Youth Work Corps of the Lower East Side's Mobilization for Youth, one of New York City's and the nation's most consistently innovative and competent experimental and demonstration agencies. Mr. Schrank is now a consultant to the Foundation.

I am happy this morning, Mr. Chairman, to be able to respond to your request to assist the Committee in its consideration of the proposed manpower legislation. I am convinced that in domestic affairs this legislation is second in importance only to the pending welfare reforms. It will not only reorganize the nation's manpower efforts but, perhaps, also establish a pattern for productive programmatic relationships between Federal, state, and local governments in a variety of fields.

We have just completed a decade of social ferment and change. I will not dwell at length on a history with which I think we are all familiar, but I do think it is useful to point out certain developments in manpower during the last eight years that provide insights of possible value to this Committee in considering the very complex bills before it.

It is fair to say that until 1962 this nation did not have a manpower policy. It did have an unemployment insurance system and an employment referral system designed, essentially, to ensure that those drawing unemployment benefits stopped doing so as soon as possible. The agencies administering these programs, the Federal-State Employment Services, did not see themselves as having special responsibilities for providing services for the hard-to-employ.

In 1962, the Congress passed the Manpower Development and Training Act, clearly a landmark in the formation of a national manpower policy and the most important piece of manpower legislation since the Full Employment Act of 1946. The MDTA was aimed at the mature, skilled worker who was displaced by automation or left behind when industry moved out of what became "depressed areas." Not surprisingly, then, early MDTA programs were devoted mainly to retraining such workers and were often operated through existing school systems.

Almost immediately, however, the nation became abruptly aware—and concerned about—two words seldom previously heard in public discourse but now already and unfortunately accorded the status of cliches: "poverty" and "affluence." The poor, the unemployed, the subemployed, the underemployed, the drop-outs, the minorities crushed into central city slums, and the minorities and the whites "left behind" in rural slums—all became major concerns of public policy.

In terms of legislation affecting manpower programs, we saw the passage of the Economic Opportunity Act, the tax cut of 1964, and subsequent significant amendments to MDTA, EOA, and the Social Security Act.

In programmatic terms, we found that the existing institutions—primarily the Employment Services and the educational systems—were not able to adapt quickly or adequately to the needs of the disadvantaged for a variety of remedial and other services. We, therefore, began to experiment with new structures and new techniques, first with the Labor Department's experimental and demonstration programs, with the President's Committee on Juvenile Delinquency, and with the Ford Foundation's Grey Areas programs, and later with the Office of Economic Opportunity's national emphasis and experimental programs and its locally sponsored community action agencies.

Many of the earliest of these experiments took place in New Haven at CPI. It was there that many of the techniques that are now accepted parts of comprehensive manpower programs were initiated, tested, or demonstrated. These include—

> New outreach techniques, using store-funds in inner-city neighborhoods manned by indigenous non-professionals. The technique was designed to seek out those needing manpower services and overcome the suspicion and distrust with which established bureaucracies were viewed. It took manpower services out of "downtown" and placed them into the neighborhood where they were needed.
>
> New counseling techniques, again relying on non-professionals to provide rapport and models of success.
>
> New training institutions, such as neighborhood-based skill centers using new curricula instead of the traditional, rigid patterns of vocational education.
>
> New types of training, such as heavy reliance on on-the-job training.
>
> New forms of remedial basic education tied to job training and to jobs.
>
> New approaches to dealing with youths who had dropped out or were thinking of dropping out of school.

Most important was the attempt—not always or even often successful—to provide a comprehensive array of manpower and supportive services tailored to the needs of each individual.

Similar experimentation, with varying success under varying sponsorship, was carried on in other communities around the country. Additional techniques and services were developed. And over the years the Federal government understandably evolved a multitude of categorical manpower programs often supporting a specific technique and often aimed at a particular population.

This decade of rapid growth and experimentation in manpower programs yields, it seems to me, some important lessons and conclusions for the future and especially for the bill this committee will recommend:

First, it is clear that the existing Federal categorical manpower programs must be consolidated. The great number, variety, and type of such programs is unnecessarily confusing and an administrative nightmare for state and local agencies through which most are operated. In such circumstances rigid, inflexible, competing bureaucratic fiefdoms thrive at Federal, state, and local levels. Entrance requirements and training allowances unnecessarily vary and conflict. And some services are duplicated while others are lacking altogether. Both funds and staff energy are wasted in coping with problems that have little to do with actual provisions of services to those who need them.

Second, we must move from a program oriented approach to a client centered one, modelled largely on Vocational Rehabilitation efforts. Consolidating categorical programs will help on this front as well; it should allow agencies to respond flexibly to the needs of each individual, working out with him an "employability plan" or similar comprehensive scheme calling for and making available all the services needed by a client.

Third, there is a need in manpower, as in other public policy areas, to realign the distribution of funds, of responsibility, and of authority between the various levels of the Federal system. In manpower, where service must be closely attuned to local needs, this means that Federal programs should be decentralized to states and, especially, to local governments and agencies. This must be done in a manner designed to enhance and preserve state and local flexibility, initiative, authority, and responsibility. At the same time, however, some of the dangers frequently associated with a purely block grant approach should be avoided by providing for Federal guidelines, rules, and regulations relating largely to performance objectives and standards and enforceable by Federal officers on the basis of thorough monitoring and evaluation.

Fourth, while it is important to decentralize manpower programs, it is abundantly clear from the experience of the past decade that the capacity of state and local governments and other local agencies effectively to plan for and administer such programs is severely limited. Archaic governmental structures, rigid and restrictive civil service requirements, and the sheer absence of adequate numbers of competent experienced manpower personnel (especially among minority groups) will drastically impede the progress of such decentralized programs. This means that a major concern of any new legislation must be the upgrading of state and local manpower capacities.

Fifth, the past decade has also confirmed the strength of the tensions existing between state and city governments. The hostility that frequently breaks to the surface between these elements of our Federal system is certainly nonproductive and often counter-productive. I am afraid, however, that these tensions will not be easily dissipated in the near future. They are built into the existing political and socio-economic systems, and no single piece of legislation, even one as important as the pending manpower legislation, will change that situation. This requires great care on the part of those who would decentralize Federal programs. Ignoring these tensions will not do; rather, legislation must explicitly lay out and protect the powers and responsibilities of both levels of government in hopes of ensuring effective state *and* local roles and of minimizing conflict between the two. At the same time incentives for voluntary cooperation should be provided. I will come back to this point later.

Sixth, the pressures for participation by program client groups in both planning and operations are important and not to be denied. They are important because the success of programs aimed at the disadvantaged and the poor depends heavily upon the rapport between program and client. They are not to be denied because the economic and social forces causing client groups to seek participation in decisions affecting their lives are growing. We have all become aware during this decade that substantial numbers of citizens—not just the poor and not just radical college youth—are becoming more and more disenchanted with our increasingly larger, more remote and unresponsive institutions. There is a growing feeling that the "system" is not up to the demands of the times, and making the system adapt may be the greatest challenge facing us in the Seventies. Participation, messy and disruptive though it often is, may be part of the antidote needed for such ennui, alienation, and aggression. It should be pointed out, of course, that participation may take various forms. It does not necessarily mean control. The hiring of responsible non-professionals from the community, the inclusion of community representatives on planning and advisory mechanisms, and the use of community groups to provide needed services where such groups have established their competence are all relevant and appropriate forms of participation.

Seventh, programmatic and institutional diversity is of utmost importance. We have learned during the past decade that "large bureaucratic organizations almost never make major changes in established behavior patterns unless strongly pressured by outside forces"—to quote economist and political scientist Anthony Downs. Nevertheless, (again quoting Downs' "even a small dose of competition in certain forms could produce important—even radical—changes in the nature and quality" of the services produced by large bureaucracies. This we have seen time and time again in the last few years. New ideas have been generated and school systems, Employment Services, and other state and local public and private agencies have been stirred from a stagnant *status quo* by the challenge of Head Start programs, Labor Department experimental and demonstration projects, and the many programs of local community action agencies. The most effective of these "change agents," it seems to me, were those that designed their operations to feed into and have an effect on established institutions. This means that those designing decentralized Federal programs must take pains to build-in institutional diversity at state and local levels. Large, rigid, monolithic and unchallenged state and local bureaucracies are really not much of an improvement over Federal level bureaucracies and "red tape." And, even though I am in favor of strict Federal standards of local program performance, I am sure that variety, diversity, and competition will have a greater effect on program quality.

Eighth, it should be clear to us all by now that manpower policies, important as they are, are peripheral in comparison to the effect of national monetary and fiscal policy on the course of the economy. Barring a major public service employment program, it is fair to say that manpower programs "create" relatively few jobs. Manpower programs are designed to put people into jobs and most jobs are still in the private sector. There is serious question now over whether even an economy in inflation can provide enough jobs for all those potentially able to work, and a recession could easily render most manpower programs rather superfluous. Hence, it is of utmost importance to maintain a full employment economy and to explore more fully the issue surrounding a major public job creation program.

And ninth, one of the most vexing problems encountered by most social programs is the uncertainty of funding inherent in the appropriations process. It is conceivable that more improvement in local programming would result from the continuity and confidence resulting from long-term funding than from most of the reorganization proposals now in the legislative hopper.

I would like now, Mr. Chairman, to turn more directly to the legislation before the Committee. The Committee has the unenviable but unavoidable task, it seems to me, of striking a balance between a number of competing and conflicting considerations:

Efficiency and professionalism of operation balanced with participation by clients in planning and administration.

Flexibility and responsiveness balanced with national performance standards.

Change and innovation balanced with stability and continuity.

The authority and responsibility of elected officials balanced with the relevance and passion of representatives of the poor.

Mayoral priorities and prerogatives balanced with those of the Governor.

Inner-city neighborhoods versus cities versus metropolitan areas.

Each of the three Bills before the Committee is a thoughtful and generally well-conceived attempt to balance these factors and to strengthen the foundations of a true national manpower policy (even though none fully copes with the long-term need to include vocational education, vocational rehabilitation, and such related programs as the Work Incentive Program). Each Bill:

Consolidates the bulk of the existing manpower categorical programs.

Mandates provision of truly comprehensive services on a recipient-oriented basis.

Allows for the establishment of national standards, rules, regulations, and guidelines and retains a strong role for the Secretary of Labor.

In addition the O'Hara Bill emphasizes the clear need for a public job creation program and provides for appropriations one year in advance (as does the Administration's Bill). The Steiger Bill, on the other hand, establishes explicit and long-term funding authorizations, and it and the Administration's Bill both appropriately concentrate services on the disadvantaged.

It seems to me, however, that the thrust of this legislation should be to develop state and (especially) local capabilities in the manpower field. And on balance, the Administration's Bill appears to address itself most directly to this end. The proposed Manpower Training Act—

Decentralizes planning and operation to state governments, with a pass-through to local governments.

Emphasizes the gradual development of planning and operating capacities at both the state and local levels.

Establishes a national computerized job bank.

Establishes an automatic trigger mechanism to increase appropriations when unemployment rises (although the amount of such increase is probably inadequate).

These are very important and desirable characteristics and in combination with the best features of the other two Bills, the proposed Manpower Training Act should serve as the basis for the Committee's deliberations. The remainder of my own comments will concentrate on the MTA.

Despite its advantages, the proposed Manpower Training Act not unexpectedly raises a number of questions. In part these questions derive from the lack of specificity of many of the Act's provisions and the considerable authority it provides the Secretary of Labor. In part, too, the questions relate to the apparent needs to strengthen the pass-through mechanisms and other provisions relating to the role of local governments.

Even though the proposed Manpower Training Act is vague in many respects and allows a very substantial amount of discretion to the Secretary, it is probably unwise to limit flexibility by making the Act itself more detailed. On the other hand, the Committee would be well advised to obtain from the Secretary at least a preliminary indication of how he intends to exercise his authority on at least the following matters and to make its own desires clear in the legislative history of the Act:

First, the Act would do away with existing program categories, which, for all their faults, at least provided some guidance to local programmers. What will the nature of the Secretary's planning guidelines be? Will they mandate a wide variety of programs, taking note of the special needs of youth, of present New Careerists, of apprentices, of blue collar workers needing upgrading? Will they permit the latitude necessary for the development of plans relevant to diverse and varied states and localities?

Second, there are a number of indications that the Secretary intends to stipulate in his regulations that the State Employment Services be considered the presumptive *supplier* of manpower services regardless of the nature of the local prime sponsor. Is this so? If so, would it not be wiser for the Secretary to limit his standards to performance objectives and information and report requirements, allowing services to be provided by a variety of local agencies (including, as the case may be, the Employment Services) depending upon their abilities and competence as determined by the local prime sponsor in accordance with Federal criteria?

Third, how does the Secretary intend to specify the formula allocating a minimum share of a state's allocation to a Standard Metropolitan Statistical Area? What figures shall be used for labor force and disadvantaged populations? Who shall make this determination? How will such funds be allocated *within* an SMSA between suburb and central city?

Fourth, the success of the programs conducted under this Act will depend very largely upon the quality and nature of the monitoring and evaluation conducted by the Secretary and the training and technical assistance provided to state and local personnel administering programs and staffing state and area planning bodies. How does the Secretary plan to implement Sections 304 and 305 of Title III? How much of the appropriations available will he allocate to these functions?

Fifth, given the tensions between rural and suburban dominated state governments and urban areas, does the Secretary plan to require that central cities be represented on state and area planning mechanisms in proportion to their share of the state's or the area's labor force and disadvantaged population?

The models for the State Comprehensive Manpower Agency and for the state planning process outlined in the Administration Bill may be too specific. Some states have already created or are in the process of creating comprehensive manpower agnecies that combine the planning and operational functions and that therefore do not fit the MTA model. These states might not be eligible for their full share of Federal funds under the requirements of the proposed Act. And while there are some states in which the model might work adequately, it may not fit any state perfectly. In its subsequent hearings around the country, then, the Committee might well attempt to determine whether and how this provision might best be modified.

Section 102 of the proposed Act states that area plans will be included in the state plan if the Governor finds them to be consistent with the Secretary's guidelines. But local needs are often best discerned by local people; and in order to provide a proper balance between state and local requirements, local area plans ought to be assured of inclusion in the state plan unless the Governor finds them significantly inconsistent with the requirements of the Secretary. Such exclusion should be subject to the approval of the Secretary.

The legislation states that the Governor will designate a local prime sponsor in SMSA's unless heads of government representing 75% of the population of the SMSA agree on a sponsor, in which case the Governor shall designate that nominee. But, as I understand it only two of the top 50 SMSA's in the nation have 75% of their population in the central city. Indeed, more than that number have 75% or close to that in the suburbs! It is very useful, indeed, to foster metropolitan cooperation in manpower planning and programming, especially since many jobs are in the suburbs. But the central cities are where the manpower problems are, and it would thus seem appropriate for the highest elected official of the largest central city in each SMSA to be the presumptive local prime sponsor, and to be otherwise only at the request of the Governor as approved by the Secretary. Other units of government in the SMSA should, of course, be represented on the local area comprehensive manpower advisory bodies that advise the local prime sponsor. Regulations should, of course, stipulate that a fair share of the SMSA's funds under the Act be allocated to communities within the SMSA but outside the central city, and plans for the use of such funds should be subject to the approval of the area comprehensive manpower advisory body. (Plans for the use of funds within the central city should not require such approval.)

As noted earlier, neither the legislation nor the Secretary's standards, criteria, rules, or regulations should establish a presumptive *supplier* of manpower services. To make such a stipulation is to deny the local prime sponsor the legitimate authority he needs to be fully responsible for the provision of services in his area. Ideally, then, we should see a considerable variety of local agencies involved in the provision of manpower services. In one community the School Board might provide the bulk of such services, in another the Employment Service, in another the community action agency or a model cities agency, and in still another a city human resources agency. (Regulations should provide that local prime sponsors take note of the special characteristics of community action agencies and their special relationship with disadvantaged communities in selecting the suppliers of manpower services.)

The modifications mentioned above should do much to assure a fairer balance between the Mayor of central cities and other elements in the state. With the interests on both sides protected, there remains the question of fostering cooperation. I would suggest that the 5% of appropriations that are now allocated in the Act for incentive payments be increased to 10% (and that the basic state share be reduced to 70% of the total). Further, the incentive should not be designed, as in the present proposal, to spur state and local governments to greater contributions of their own resources to manpower programming. As presently designed the incentive does not seem particularly attractive anyway (a state's share of its basic allocation is only 10%; as an "incentive" payment it would receive only two Federal dollars for each one dollar of its own).

Rather, the incentive should be paid on a 10% or even further reduced matching basis to those cities meeting exemplary standards of integrating their manpower efforts with those of surrounding communities, to those states and cities meeting exemplary standards of integrating their manpower programs with those of each other, and to those states and cities meeting exemplary standards of cooperating with other states in labor market areas crossing state lines.

Although the proposed Act's statement of findings and purpose mentions a public service employment program, it may be wise to place a greater emphasis on this as the single most important missing element in present manpower programming. The O'Hara Bill does this, but it seems to me inadvisable at present to stipulate the creation of a sizable public employment program. The recent statement of the National Manpower Policy Task Force is persuasive in this respect. That statement notes that we simply do not know enough now to mount a public employment program without running the risk of a disastrous failure that might discredit the whole nation. The Task Force goes on to suggest that a number of sizable and carefully designed experiments be carried out to determine the most appropriate policies and administrative procedures for carrying out such a program. The Committee might well consider stipulating such experiments clearly in Title III, Section 301b.

Thank you for the opportunity to present these views to you Mr. Chairman. I will be happy to try to answer any questions the Committee might have.

Mr. SVIRIDOFF. To my left is Mr. Robert Schrank, a manpower advisor to the foundation, and to my right is Mr. Basil Whiting, our program officer in charge of manpower programs.

The past decade has shown rapid growth and experimentation in manpower programs and has yielded, it seems to me, some important lessons and conclusions for the future and especially for the bill this committee will recommend:

First, it is clear that the existing Federal categorical manpower programs must be consolidated.

Second, we must move from a program-oriented approach to a client-centered one.

Third, there is a need in manpower, as in other public policy areas, to realine the distribution of funds, of responsibility, and of authority between the various levels of the federal system.

Fourth, while it is important to decentralize manpower programs, it is abundantly clear from the experience of the past decade that the capacity of State and local governments and other local agencies effectively to plan for and administer such programs is severely limited. This means that a major concern of any new legislation must be the upgrading of State and local manpower capacities.

Fifth, the past decade has also confirmed the strength of the tensions existing between State and city governments. Ignoring these tensions will not do; rather, legislation must explicitly lay out and protect the powers and responsibilities of both levels of government in hopes of insuring effective State and local roles and of minimizing conflict between the two.

Sixth, the pressures for participation by program client groups in both planning and operations are important and not to be denied. It should be pointed out, of course, that participation may take various forms. It does not necessarily mean control.

The hiring of responsible nonprofessionals from the community, the inclusion of community representatives on planning and advisory mechanisms, and the use of community groups to provide needed services where such groups have established their competence are all relevant and appropriate forms of participation.

Seventh, programmatic and institutional diversity is of utmost importance. We have learned during the past decade that large bureaucratic organizations almost never make major changes in established behavior patterns unless strongly pressured by outside forces, such as, in the past, Headstart programs, Labor Department experimental and demonstration projects, and the many programs of local community action agencies. The most effective of these "change agents," it seems to me, were those that designed their operations to feed into and have an effect on established institutions.

Eighth, it should be clear to us all by now that manpower policies, important as they are, are peripheral in comparison to the effect of national monetary and fiscal policy on the course of the economy. Hence, it is of utmost importance to relate manpower policies and programs to the cyclical trends in the economy, to maintain a full employment economy and to explore more fully the issues surrounding a major public job creation program.

And ninth, it is conceivable that more improvement in local programing would result from the continuity and confidence resulting from long-term funding than from most of the reorganization proposals now in the legislative hopper.

Each of the three bills before the committee is a thoughtful and generally well-conceived attempt to strengthen the foundations of a true national manpower policy.

Each bill consolidates the bulk of the existing manpower categorical programs; mandates provision of truly comprehensive services on a recipient-oriented basis; allows for the establishment of national standards, rules, regulations, and guidelines and retains a strong role for the Secretary of Labor.

In addition, the O'Hara bill emphasizes the clear need for a public job creation program and provides for appropriations 1 year in advance—as does the administration's bill. The Steiger bill, on the other hand, establishes explicit and long-term funding authorizations, and it and the administration's bill both appropriately concentrate services on the disadvantaged.

It seems to me, however, that the thrust of this legislation should be to develop State and especially local capabilities in the manpower field. And on balance, the administration's bill appears to address itself most directly to this end. The proposed Manpower Training Act:

Decentralizes planning and operation to State governments, with a pass through to local governments:

Emphasizes the gradual development of planning and operation capacities at both the State and local levels;

Establishes an automatic trigger mechanism to increase appropriations when unemployment rises (although the amount of such increase is probably inadequate); and

Establishes a national computerized job bank.

These are very important and desirable characteristics and in combination with the best features of the other two bills, the proposed Manpower Training Act should serve as the basis for the committee's deliberations. The remainder of my own comments will concentrate on the MTA.

Despite its advantages, the proposed Manpower Training Act not unexpectedly raises a number of questions relating to the specific authority of the Secretary of Labor and to the role of State and local governments. The committee, therefore, would be well advised to obtain from the Secretary at least a preliminary indication of how he intends to exercise his authority on at least the following matters and to make its own desires clear in the legislative history of the act:

First, the act would do away with existing program categories, which for all their faults, at least provide some guidance to local programers. What will be the nature of the Secretary's new planning guidelines?

Second, with regard to the selection of the presumptive supplier of manpower services, would it not be wise for the Secretary to allow these services to be provided by a variety of local agencies (including, as the case may be, the employment services) depending upon their abilities and competence as determined by the local prime sponsor in accordance with Federal criteria? This would allow the local prime sponsor the legitimate authority he needs to be fully responsible for the provision of services in his area.

Third, how does the Secretary intend to specify the formula allocating a minimum share of a State's allocation to a standard metropolitan statistical area?

Fourth, how much of the appropriations available will the Secretary allocate to the important functions of Federal monitoring and evaluation, and of training and technical assistance provided to State and local personnel?

Fifth, does the Secretary plan to require that central cities be represented on State and area planning mechanisms in proportion to their share of the State's or the area's labor force and disadvantaged population?

The legislation states that the Governor will designate a local prime sponsor in SMSA's unless heads of government representing 75 percent of the population of the SMSA agree on a sponsor. As I understand it, only two of the top 50 SMSA's have 75 percent of their population in the central city.

Because the central cities are where the manpower problems are, it would thus seem appropriate for the highest elected official of the largest central city in each SMSA to be the presumptive local prime sponsor. Other units of government in the SMSA should, of course, be represented on the local area comprehensive manpower advisory bodies and should have the authority to approve the use of funds in areas outside the central city.

The modifications I have mentioned should do much to assure a fairer balance between the mayor of central cities and other elements in the State. With the interests on both sides protected, there remains the question of fostering cooperation.

The proposed 5 percent incentive should not be designed as in the present proposal, to spur State and local governments to greater contributions of their own resources to manpower programing. Rather, the incentive should be increased to at least 10 percent and paid to those cities meeting exemplary standards of integrating their manpower efforts with those of surrounding communities, and to those States and cities meeting exemplary standards of integrating their manpower programs with those of each other and of cooperating with other States in labor market areas crossing State lines.

Although the proposed act's statement of findings and purpose mentions a public service employment program, it may be wise to place a greater emphasis on this as the single most important missing element in present manpower programing.

The National Manpower Policy Task Force suggests and I would agree that a number of sizable and carefully designed experiments be carried out to determine the most appropriate policies and administrative procedures for carrying out such a program.

That, Mr. Chairman, represents a summary of the statement which has been entered in the record, and I and my colleagues would be delighted to respond to your questions.

Mr. Daniels. Specifically, Mr. Sviridoff, which of the three bills do you endorse? There were a number of questions with reference to the administration bill, H.R. 13472, also, and you say there are many questions left up in the air and those questions should be resolved.

I would also like to have your views on the administration bill, the O'Hara bill, and the Steiger proposal.

Mr. Sviridoff. Mr. Chairman, I don't endorse any one of these three bills. I think all three bills are clearly pointed in the right direction. I do endorse the principle of decentralization. I do endorse the principle of a greater role for States and local government. I do endorse the principle of comprehensive planning.

I do endorse the principle of abolishing categorical programs and of leaving the programing responsibility and the shape of programs to local bodies.

I am, however, concerned that the bill, the administration bill, is somewhat vague and even ambiguous regarding the respective authority of State and local governments, and that the committee would be well advised to attempt to have this clarified before acting on this legislation.

I think further that it is extremely important that the mechanisms which have been developed in local communities and cities not be undermined by strengthening the role of the States without regard to the contributions which local city mechanisms now have the capacity to provide.

I believe further that it is extremely important that the cities not be lost, and their interests not be buried in the regional approach, the SMSA approach, the 75 percent requirement, which now appears in the administration bill.

A city such as Cleveland, for example, a city even as large as New York, cities like Hartford, Trenton, N.J., Boston, cities which have developed rather substantial and effective local manpower mechanisms, would be subject to the decisionmaking of a body dominated by suburban communities, when the bulk of the manpower problem exists within the central cities.

Mr. Daniels. Do you believe the Governors should have the power of veto over local programs?

Mr. Sviridoff. I think the local program should be accepted by the State mechanism. I think that should be the first principle, unless there is some exceptional or compelling reason why it should be vetoed by the State, but even where a veto is exercised, there should be a clear line of appeal to the Secretary.

Mr. Daniels. Mr. Hawkins?

Mr. Hawkins. I am in general agreement with your views. I think they are certainly highly constructive. There are one or two points, however, that I would like to have you elaborate on.

One is the view that you have maintained that the centralization of States would result in greater consideration of individual needs.

In view of the record of the States, I don't think that I can accept that as giving us any assurance that the individual needs are going to be taken care of. It seems to me that largely our problem today is the fact that we have left the problem to the States and the States have a legal obligation as well as the opportunity to do something without Federal action, and it has largely been their failure that causes the problem we have now.

Then, I can't see the logic in believing that by turning the programs over to the States that we are going to handle individual needs of the local community.

Perhaps you could elaborate on your belief. The fears of some of us are that turning the programs over the States will get us into even more political controversy than we have at the present time.

Mr. SVIRIDOFF. Mr. Congressman, we are not as far apart as you may think. I believe the States have an extremely important role to play in carrying out manpower policy, but whether we believe that or not, the fact of the matter is that a very substantial responsibility rests there by virtue of the fact that State employment services now have control of the largest percentage of funds expended on employment services.

Other employment services are funded by legislation or by tradition through State agencies. But in order to assure greater responsiveness to local needs, what I suggest is that we make sure in this legislation, if possible, to strengthen the role of the city and of the local mechanisms by assuring that the city mechanism, the local mechanism, will be the presumptive sponsor, and will be able to provide employment services if it deems this advisable, or necessary, and will not be subject to control of regional bodies, which will be dominated by suburban counties.

All these are pointing in the direction of strengthening the role of local government so it can more effectively work with State agencies, while not placing the responsibility exclusively either with the State or the local community. There must be a greater degree of cooperation.

I think incentives, instead of being directed to stimulating a greater amount of financial investment from local communities or States, should be directed toward encouraging States and local communities to demonstrate that they can cooperate in providing more effective services.

Mr. HAWKINS. Of course, you are more optimistic about the State and local communities cooperating than I am. The record is not too good to date that the cities feel that the States are giving them a fair break.

Obviously, in turning it over to the States, we are assuming that is going to change. I am just a little cynical about it. I am a little more cynical than the two witnesses we just heard from.

If the Indians don't believe the State employment service and the State service center and the State government are sensitive to them, then I would say that the black and brown people of the ghettos think less of these agencies.

Yet, these are some of those who are going to be treated or at least be served by these agencies.

I do think that you do outline in the plan that you suggested, or the comprehensive advisory councils that would at least control the funding of the programs, I would think this would be something which we should carefully consider, because obviously in some counties where there are many cities, most of the larger cities object to the larger city being the prime sponsor.

I know, unless the smaller cities and unincorporated areas have a voice in it, I think we will be getting into trouble.

The other point which you suggested, which I think has an encouraging possibility, is the job creation part of the manpower program.

At the present time, most of us are not as much concerned about manpower programs as we are more and more being concerned about the unemployment situation.

Within the context of an economy which has not accepted full employment as a goal, apparently, more and more the problem of job creation becomes important.

Now, you have indicated to some extent that this should be explored, but it seems to me we don't know enough about this concept at the present time to do very much about it. Are you suggesting, therefore, that we delay any job creation program, or do I understand you to have concluded that we should simply explore it, but that we should not at this particular time institute any type of a job creation or public employment program?

Mr. **Sviridoff.** Let me speak to both of your points and take the last one first. I do not believe it would be advisable to try to build into this manpower act a job creation program. It may be advisable to treat with that problem in separate legislation.

What this committee is trying to do is develop a sound program for the creation of effective manpower instruments at the Federal, State, and local levels. I think the problem of dealing with recession, of dealing with rising unemployment, is a very serious problem, and I would be the last one to suggest that Congress should not be alert to that and responsive to it in some way.

I am not sure precisely what that way should be. It might well be through some means of creating jobs not unlike what has been done in previous periods of recession.

But if we are going to have a public service program, we ought to strive to have a quality public service program, and not one which would be subject to the kind of criticism that has been directed at other efforts, such as the new career programs.

In order to do that, I think we have to feel our way with some care. I do not believe that the capacity exists presently in local and State government to carry out a quality public service program on any large scale. There is a need, a very real need, for some experimentation here before we make a commitment of a large amount of our resources to a program which will be subject in a very short time to very serious criticism, the kind of criticism which I think will set this objective back a long way.

So, I agree with you that this problem is very critical, and with respect to this manpower bill, I would make a commitment, to experimentation that would help develop the capability to handle such a program on a large scale.

Now, with respect to your first point about cynicism in State agencies, I think your cynicism is not without foundation. However, the State agencies exist, the State employment services exist, State vocational training departments exist, State departments of education exist. They have large sums of money, and they have large numbers of professional employees who have been trained to work in this field.

They cannot be ignored. You cannot wish them away. Nor do I think we can create a competitive system to take their place. I believe the objective has got to be to make them more responsive, to get them to behave in a way that will not be cause for the kind of cynicism which you have expressed. I believe the best way to accomplish that—not the perfect way by any means—is to build on the experience that we have already acquired over the last 10 years in the creation and the strengthening of local instruments, city instruments, and inner city neighborhood instruments. Such instruments will work, not in competition with the State organizations and State departments, but in cooperation with them, will work to complement their services, will work to help them change the nature of their services, will work not only as instruments for the delivery of services, but as instruments to help bring about change in those large and very important bureaucracies which exist and which are not going to be wished away.

Mr. HAWKINS. Of course, you have suggested strong Federal guidelines. I quite agree. However. I think that we have seen that in the field of education, for example, when we try to turn the programs over to States and to enact stringent Federal guidelines, the guidelines have become the center of controversy, and if this happens in manpower, it seems to me that the States are going to accept the Federal assistance, but then they are going to fight the Federal guidelines which attempt to do the things which you say in terms of encouraging or forcing the States to do a better job, and then I suspect we would get into another controversy over the guidelines.

Certainly, I wish to compliment you on a very fine statement. I think it is constructive and gives us additional ideas that I think should be considered.

Thank you, Mr. Chairman.

Mr. DANIELS. I recognize the gentleman from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I very much appreciate the statement you made this morning. I think it is one of the best we have had. It raises the kinds of questions that need to be raised, and I for one am delighted by the very firm, and I think, direct belief that you have expressed in decategorization and decentralization, and your responses to the questions by the gentleman from California, on understanding the relationship between public service employment and manpower.

There are some points I would like to review with you. Number one, based upon your experience with the Ford Foundation and before that, how do we better organize the ability of the central city and suburb to work together? You suggest incentives as one way.

Ought we to include all SMSA's, or do we automatically say the mayor of the central city is to be the presumptive sponsor? Beyond that, what is your own feeling about planning and delivery? Should these be together or separated?

Mr. **Sviridoff**. I think the mayor should be the presumptive sponsor. I haven't thought about whether there ought to be a cutoff point in the SMSA's; but off the top of my head, I would say you raise a very good question, and there might well be.

But in either case, I believe one mayor ought to be the presumptive sponsor on both planning and delivery; and what some people worry about as a possible conflict between the two ought, I think, to be left to the sponsor to resolve.

There are cases in this country, several cases that I have direct knowledge of, or have observed, where local sponsors are working in an excellent, productive, cooperative partnership with the State departments of education and so on, and at the same time are delivering some services themselves.

I think the city of Cleveland is almost a classic example of that kind of situation. Boston, Trenton, and New Haven in the days when I was associated with it also come to mind.

Whether the prime sponsor limits itself to planning or whether the prime sponsor also provides a small degree of services or a large degree of services, ought to be left to the decision of the local sponsor working in cooperation with the State agency, and based upon the peculiarities of the local circumstances.

I think we ought to be very flexible on that point.

Mr. **Steiger**. You raise a very good point which I hope can be used. I wonder if the administration bill so structures the State and local planning that we may not be able to take advantage of some of the efforts already undertaken?

Would you have any guidance on a point that is being raised in the committee and about which there is some controversy? Namely, what is the relationship between education and manpower training, how closely ought we to tailor a bill of this kind to assure that there is provision for basic education coupled with manpower?

Mr. **Sviridoff**. I would strongly endorse that principle. Let me ask either of my colleagues, both of whom have had considerable experience in the field of basic education, to comment on that point.

Mr. **Schrank**. I see it as a real new conflict source, but I see that generally with the legislation, and I don't think that is particularly troublesome. I would say that it fits into Mr. Sviridoff's concept that competition in programs can be useful without necessarily setting up a whole new parallel institution.

The fact of the matter seems to be that no one of these institutions has so much knowledge it can't learn that something from someone else in the field.

It seems to me that the inclusion of basic education in the manpower legislation will help to stimulate a much greater involvement of the business and industrial sector in what education ought to be.

I consider that one of our major problems with our educational institutions—the problems of relevance—is the lack of relationship between what happens in school and what happens when you go to work. That simply is a fact that there is very little bridge between the work world and institutions of business and industry and the world of the educational institutions.

I see manpower legislation, including basic education in it, as a possibility of creating such a bridge. I think it would be very useful, even with the possibility of conflict—and I don't think that is necessarily bad.

Mr. STEIGER. Do you share the concern expressed by some that vocational education with manpower context is a creation of a dual system of education?

Mr. SCHRANK. I suppose there is some semantic problem. It seems to me if you are going to go out and create a whole new set of vocational schools, it might be a dual system. But the manpower programs, as I have experienced them and as I understand them to be in this legislation, are not proposed for children going to school.

They are basically for people out of school. Some might argue that somehow or other the school system failed because students didn't learn, or they weren't prepared to enter the world of work.

So that you can argue that you just ought to extend the school system beyond where it goes, but the fact that we have the problem might be an indication that some new forms are needed.

I would suggest that the past experience of manpower programs has been useful particularly in challenging whether or not the schools really prepare people to go to work, or whether they just kind of hold people in custody until they get old enough to leave the system.

Mr. STEIGER. You would agree, Mr. Sviridoff, that one of the things that is advantageous in terms of the direction in which all of the bills go is insuring that the ancillary services in education, housing, transportation, whatever, are to be included as a part?

Mr. SVIRIDOFF. I do agree, absolutely.

Mr. STEIGER. One of the difficulties we have got is the age-old problem of having now built up a constituency.

Mr. SVIRIDOFF. You have a local constituency as well as a State one, and neither is going to be wished away.

Mr. STEIGER. Nor should they be. I am speaking really of the categorical constituencies that have been developed as a result of New Careers, and MDTA and whatever else. We have to get hold of that if we are going to get any bill out, and get over that hump. What I am looking for is what kind of wisdom you can contribute to the committee in our effort to recognize that the choice isn't between something and nothing. The choice is between where we are now and where we ought to be to service people.

Mr. SVIRIDOFF. I see Mr. Whiting has his hand up, so I will let him supplement what I say, if I don't take the words out of his mouth.

I think that this is why it is important that you try to put into the legislative history of this bill—and important to try to learn from the Secretary and put on the record—what you and he have in mind in the way of general guidelines. This is because your best response to the categorical constituency—the MDTA constituency, the Youth Corps constituencies, and so forth—is that the guidelines for this program, as this committee and this Congress see them, do provide for basic education, for skill training, for youth programs, and so forth.

But you ought not to try to write into the legislation those rigid categorical constraints which now exist, because this detracts from the development of an effective and coherent and comprehensive program.

It makes development of such coherence and comprehensiveness impossible, and you want coherence, and you want comprehensiveness, and you want a program which will respond to the needs of a client and not to the needs of a categorical constituency. That doesn't mean you are going to wipe out or obliterate the concerns which we have already expressed, and this Congress has expressed, for youth programs for the aging and so forth.

Rather, we ought to encourage through guidelines and through the legislative intent expressed in the process of developing this legislation, the provision of these services in a way that will make it possible for local communities to fashion their comprehensive, coherent programs in a way which is responsive to their local situation.

I think that is the only way I can say it, and I think this is why I devote several pages of my formal presentation to this problem.

Mr. Whiting?

Mr. Whiting. What is being attempted here seems to me to be a compromise between two rather undesirable extremes. The one extreme is a host of categorical programs which is undesirable from all the standpoints we've experienced over the last 10 years.

The other extreme is the notion of a block grant with very little in the way of guidelines, and very little in the way of assistance. The bill here will attempt to strike a balance between these two extremes.

The opening sections of the MTA list a set of services that can be provided. I think it is very undesirable to require in the legislation that a certain proportion of funds be devoted to a particular service. It is more desirable to concentrate on how the Secretary will implement the bill under the considerable authority he has under the law.

The bill will establish a whole new pattern of relationships between the Federal funding departments and State and local agencies. That means a great deal of attention needs to be devoted to the process of setting standards and providing guidelines.

Clearly, it is appropriate for the Secretary to specify that certain kinds of services be provided, to set standards of accomplishment, and to monitor and evaluate local agencies providing the services.

At some point, on the other hand, we get to the point of overspecifying by regulation. That also deserves close attention.

Mr. Steiger. May I say in the draft of the bill that I have introduced, I go a little different way. I set out 24 eligible activities because, frankly, I don't want the Secretary to, by regulation, say that emphasis needs to be in this area versus that area. That is something I don't think he is in a position to judge. That is up to the local prime sponsor.

Wouldn't it be better for us to go in the direction of attempting to say, "Here are the things for which funds may be used. This is the laundry list." From that the local community or State will pick and choose.

Mr. Sviridoff. Yes, but in addition to that, we propose that you provide an incentive or bonus to those communities which go beyond using funds effectively in individual program areas by paying a bonus to those communities that are planning to tie these programs together in some kind of an effective package and to those communities that work effectively with their State agencies.

Mr. **Steiger**. Based on performance?

Mr. **Sviridoff**. Based upon program description and performance. I think that is a more desirable type of incentive than a financial one, which really benefits those communities which are best able to come up with a small sum of money; and I don't see any special purpose in that.

Mr. **Steiger**. Mr. Chairman, I appreciate the time that I have been granted. I want to thank the witnesses, all of them, very, very much.

Mr. **Daniels**. I now recognize the gentleman from Washington, Mr. Meeds.

Mr. **Meeds**. Thank you, Mr. Chairman.

Mr. Svidiroff, first may I apologize for not being here to hear all your testimony. I got through very quickly your prepared statement, and I would like to compliment you on the preparation of that statement.

I think, as Mr. Hawkins stated, that it is very helpful to this committee's deliberations.

I would like to discuss the bill in two very general areas with you, first following up somewhat what Mr. Steiger posed with regard to the role of education and manpower, "or manpower," and I prefer that to "and manpower," and I would like to tell you what I feel in general terms, and I ask you to respond in general terms, because I know it is wide open.

I feel that manpower programs are essential today, largely because of a failure in our educational system to provide skill training for those who will use it and need it, and if our education system were indeed doing what I conceive to be the full job of education, many of the manpower programs, which we have the need of today, would not be necessary.

I go from there to the next question or the next statement, and that is that I would like to see the education system much more involved in what the manpower program ultimately becomes involved in, and that is training, retraining, and actually placing people in employment, and I would like to see any manpower bill which passes this House of Representatives contain the seed which will enable vocational and technical education, and our educational system generally, to more adequately fulfill that role.

Now, if you will respond generally to that and tell me whether you feel this bill does that, because I unfortunately feel it doesn't do very much for that field. Can you tell me whether you feel this bill does that, or if you agree with me?

Mr. **Sviridoff**. Generally, I agree with you. I doubt this bill does anything about that problem. It provides no carrot or stick to the local community, which has the responsibility to do something about it. I think this is another area where this committee might consider ways in which to provide a carrot.

That is, if you paid an incentive bonus to those communities that demonstrated through their programs and through their performance that they have successfully involved the local school system and have brought about a change in the way the system offers its services, then I think the bill would have an effect.

I have been told by people wiser than I that this is a difficult thing for the Government to do, because it is always under pressure to pay out its money under equal formulas, so everybody gets an equal amount, but I won't stop trying.

I think there are examples of Federal programs where the Federal Government has put its money where there is evidence of the highest degree of capability, the highest degree of performance, the greatest desire.

I think this is the only thing that we can do to stimulate the kind of thing that you described, and which I agree with you is extremely important.

Mr. SCHRANK. I would like to add this: The MDTA experience has basically been run by the vocational education schools, and I think it has given the vocational education system a whole new experience in this field and has acted as a catalyst in many ways to make them begin to think about what the vocational education system does and doesn't do.

I would make a guesstimate that many of the local planning organizations, either city or State, would, in fact, in their local planning include the vocational education system as part of their training operation.

I would see no reason why they wouldn't, since that system is in many ways best equipped to begin to do that, and I think it has an effect on the system.

Mr. MEEDS. I recognize my question was very general, and purposely so to evoke general responses, but if I may become a little more specific, do you have the bills before you, do you have the O'Hara bill?

Mr. SVIRIDOFF. No.

Mr. MEEDS. I will read from page 9, subsection 13, beginning on line 4. These are things which the Secretary of Labor would provide:

"Skill training centers wherever consolidation of occupational training and related manpower services would promote efficiency and provide improved services."

I am one of the people, I guess, that Mr. Steiger described as being concerned, not that vocational education must have a complete role in this, but that programs be so dovetailed and so interrelated and integrated that we not get away from this today, which I hope will occur in the future, when vocational and technical education is performing a larger role.

I am, therefore, concerned that if we are going to have a skill training center in an area, or provide for new skill training centers under this bill, that it be operated by the Secretary of Labor. I think I would rather see it operated by the local education agencies so that it could not only respond to the manpower needs and the manpower function, but could also be responding during the daytime to the local high schools' educational needs and be under control of the local educational agency.

I am not clear even in my own mind about this, except that I don't want to widen what I consider to be a presently occurring schism between education and manpower.

Mr. SVIRIDOFF. Why not, Congressman, both? That is, why not substantial amounts of responsibility for training in basic education placed with vocational education and with other institutions in the community?

For example, in Philadelphia, why would you not contract or delegate some of that responsibility to Rev. Leon Sullivan's OIC?

Maybe you wouldn't do it in some other area, because there the OIC might not have so high a level of competency. The OIC in Philadelphia clearly has a healthy impact on the institution of vocational education in the city of Philadelphia.

There was a time—it is no longer the case—in New York when the Port Authority carried out under contract a rather substantial amount of vocational education for city agencies. It provided a kind of healthy competitive situation to the school system and to other instruments for vocational education.

I would leave that to the local sponsor, but I would provide again some carrot to encourage him to improve the vocational education system and not to try to create a competitive system.

Mr. MEEDS. Seemingly, we may be able to get more money for manpower programs, considerably more money, because the situation is acute, and we have legislation which under its authority at this time could be appropriating $1,250 million to vocational education.

But what happens? We in the Congress, through maximum efforts, come up with, I think, around 399 million, which is chopped back down, and vetoed by the President, and we are nowhere near where we should be in vocational education, and yet the administration is pushing on and asking for more money—I agree, because I think we need it—asking for money for manpower programs.

I just become very frustrated when I see a further divergence occurring. I think this young man wanted to respond.

Mr. WHITING. It is not automatically desirable to have a unitary school system.

It is one thing to mandate incorporation of vocational education systems in manpower systems, and that is probably undesirable. It is another thing to put the carrot up and provide incentives and guidelines to foster cooperation. This may change the older and somewhat unresponsive organizations now providing services.

This is a far more desirable way to go than mandating in an act, or in regulations, that certain services be provided by certain institutions nationwide. It is much more desirable to foster diversity among institutions according to the local situation.

The difficulty is setting up the standards so that you can make a judgment that in this community the board of education is the place to put the services, and in that community it is the CAP, and in another the employment service.

But that is the desirable type of standard.

Mr. MEEDS. I appreciate all your comments on that subject. It is one that really perplexes me.

Now, I would like to get to the second part of my question. Your statement on page 8, at the bottom you say, "There is serious question now over whether even an economy in inflation can provide enough jobs for all those potentially able to work, and a recession could easily render most manpower programs rather superfluous. Hence, it is of utmost importance to maintian a full employment economy and to explore more fully the issue surrounding a major public job creation program."

This statement brings me to the very root of one of the greatest questions of conscience, and I will be very frank about it, about even passing this legislation, and if I may, I will illustrate it, what happens with people when you go out and you say, "Well, we are going to enter you in job training so you can get a job," and you and I know realistically before we even start that the chances of their getting a job are practically nil.

Is it really fair to hold out the promise or at least the implied promise that there is a job at the end of the road, that they are in training for something which they can achieve, when, with the economic situation as it is today, I do not think personally that it is realistic that many of the marginally employable people, people with whom this legislation deals largely, are going to get jobs under the state of our economy, and aren't we in fact creating what some Englishman once described as a "generation of dissatisfied English clerks," who have been trained, and who have been further frustrated by their inability to secure employment?

I am torn, because I recognize the progressive nature of this legislation, the consolidation, the computerized job banks. I have been plugging for that now for 4 years, and a number of other good aspects of this job.

But at the same time, I have charged off on so many good missions only to find the money cut out from under me or the jobs go at the end of the trail, that I am getting a little tired of raising people's expectations only to have them dashed on our ability to come through.

Mr. Sviridoff. I think you are absolutely right, Congressman. Clearly more important than this legislation is the maintenance of high levels of employment. That ought to come first.

But, having said that, it is also clearly desirable to develop finally in this country some kind of rational system for delivering manpower services and training services, for the obvious reason that a better system of services will lead, first of all, to more employable members of the labor market and, second, because an effective system of training and education and employment services will serve to raise the level of productivity of our labor force, and will contribute to the creation and ultimately the maintenance of our high employment economy. But this is not to say that your first point is not the most critical point.

Mr. Meeds. Ought we not, then, to be doing what the chairman and I and others in this Congress tried to do several years ago by amending the Wagner-Peyser Act, and coming forward with the computerized job bank and all the delivery system, without coming forward at this time with, in effect, promises of training and employment.

Mr. Sviridoff. I would hope Congress could do both. I think they are both important, and giving some meaning to the Full Employment Act of 1946 is clearly important.

Mr. Meeds. I would hope we would, too, but let us be realistic. When we have legislation such as the education bill, and I keep going back to this, in which there is a difference between our aspiration and the White House's aspiration, and the amount is ultimately $400 million, and the kind of programs we are talking about here and the maintenance of high levels of employment—you know, we are talking about $20 million.

So, being realistic, I don't see that the type of thing that you are asking the Congress to do is going to be done. Agreed, I would like to do it, and I am sure the chairman would like to do it, and maybe even the majority members on this committee, but you see, we can't even get a majority of members for $400 million, so it is not realistic.

Mr. **Sviridoff.** I have nothing but sympathy for the awkward position in which you find yourself.

Mr. **Daniels.** With respect to the question Mr. Meeds asked, doesn't there appear to be an inconsistency between the main objective of this bill, which is guaranteed employment to everyone who desires to work, and the economic situation and the philosophy we see expressed in the country today?

Mr. **Sviridoff.** Yes. But I don't think the best possible version of the bill can guarantee full employment. This is not a full employment bill. It is a manpower training and service and assistance bill. It is an important element in a full employment strategy, but it is not a full employment bill, and I don't think any of us should delude ourselves that this is what it is, or can ever be.

Mr. **Daniels.** That view has been expressed here by some of the witnesses.

Mr. **Meeds.** I think that is all, Mr. Chairman.

I think you see my frustrations.

Mr. **Sviridoff.** All too clearly.

Mr. **Daniels.** I want to thank you as chairman of the subcommittee. You have given us thoughts here to ponder over as to what we should do in reporting out some legislation along this line.

Your ideas have been most helpful.

Mr. **Sviridoff.** Thank you for inviting us.

(Whereupon, at 12:05 p.m. the subcommittee recessed, to reconvene at 10 a.m., March 12, 1970.)

MANPOWER ACT OF 1969

THURSDAY, MARCH 12, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:20 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Lloyd Meeds presiding.

Present: Representatives Meeds, Hawkins, Scherle, and Quie.

Staff members present: Daniel H. Krivit, counsel; Charles Radcliffe, minority counsel for education; Sue Nelson, research assistant; and Cathy Romano, research assistant.

Mr. Meeds. The Select Subcommittee on Labor will be in order for the further consideration of bills H.R. 10908, H.R. 11620, and H.R. 15472 and other manpower proposals.

We are honored this morning to have with us the Under Secretary of the Department of Housing and Urban Development, Richard C. Van Dusen. We welcome you to the committee, and you may proceed as you wish. I see you have a prepared text. You may read it, or you may take from it what you like and testify extemporaneously, but in any event, your testimony will be made part of the record.

STATEMENT OF HON. RICHARD C. VAN DUSEN, UNDER SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY CHARLES T. MUNTAIN, SPECIAL ASSISTANT TO THE SECRETARY FOR LABOR RELATIONS; AND DAVID BLUM, OFFICE OF GENERAL COUNSEL

Mr. Van Dusen. I will be guided by whether you would like to hear the testimony, or proceed immediately to questions.

Mr. Meeds. We would prefer to have you testify first.

Mr. Van Dusen. Good. In that event, Mr. Chairman, I will proceed with the testimony, if I may.

I certainly welcome the opportunity to discuss with you the proposed Manpower Training Act. The Department of Housing and Urban Development is convinced that this legislation is timely and extremely important if the Nation's manpower needs in all areas are to be met. We are particularly pleased with the structure for manpower program planning and operations set forth in the bill because it reflects the administration's policy of sharing with State and local government a meaningful role in the development and implementation of domestic programs.

There are a number of broad areas where HUD concerns are affected by manpower training needs.

1. METROPOLITAN DEVELOPMENT

We know that we must expand opportunities for lower income and minority people to live outside of central cities, in some cases in entirely new communities. Increasingly, it is in the areas outside of the central cities where we find not only the new housing, but also jobs, including many of the new kinds of better paying jobs. Access to these jobs and to housing in the same area will often depend upon whether a person has, or has ways of acquiring, the skills that the jobs require.

2. URBAN SERVICES

In such fields as health, housing, transportation, welfare, and general government, there is a great gap between the skills that are available to our State and local government and nonprofit agencies, and the skills which modern systems of operation require. Many of the people who might provide these skills are excluded because of basic educational deficiencies or racial discrimination that has prevented them from acquiring relevant employment experience. Modern training programs can help us expand the manpower needed to perform vital urban services.

3. CITY REDEVELOPMENT

Manpower and manpower training programs are an essential element in any effort to improve and rebuild our central cities. For example, model cities programs simply cannot work without manpower training components that are both large enough and effective enough to enable neighborhood residents to secure and hold meaningful employment.

4. HOUSING

Our Department's current interest in manpower training is perhaps clearest in the field of housing and it is this area which I would like to discuss first.

It is hardly news that the Nation is currently falling far short of the production levels necessary to meet the housing goal which the Congress has established—26 million units over a 10-year period.

Mr. MEEDS. I would agree.

Mr. VAN DUSEN. Many actions must be taken to catch up, but this morning we are particularly concerned with the necessity—as pointed out in the President's Economic Report—of increasing significantly the supply of skilled and semiskilled construction manpower.

We have estimated, for example, that by 1975, we may need an increase in excess of 1 million man-years of skilled labor over what we have today, without regard to retirements or withdrawals.

There are, unfortunately, severe obstacles which are currently preventing an adequate flow of manpower into the construction industry labor pools—obstacles which must be overcome. There are simply too many people—and particularly too many minority group individuals—who are being denied entry into the building trades. They are often unable to secure access through the formal apprenticeship route because of age and examination requirements. In some cases, the length, the training techniques, or other characteristics of apprenticeship programs make them unnecessarily restrictive or operate as racial barriers. Nor have significant numbers secured entry through the more rapid, so-called "informal" route which, it is generally believed, has been followed by most construction workers in the industry.

Plainly, we must make entry into construction employment possible for many more people, especially for the minority groups. This means, among other things, that existing training systems must be improved. Vocational education programs emphasizing construction skills should be expanded and made more effective. Training periods should be shortened, wherever possible. Preapprenticeship recruiting and training must be provided where needed to provide manpower ready to enter upon apprenticeships. New programs to parallel traditional apprenticeship programs should also be established whenever and wherever they are useful.

And I would stress that we will have to address ourselves to new, as well as conventional, construction skills. Through our Department's Operation Breakthrough, we are making an all-out effort to accelerate innovation and progress in a field that has fallen far behind in applying modern systems of production and modern technologies. The coming of age of industrialized building techniques must be accompanied by suitable manpower training programs.

Next, Mr. Chairman, I would like to turn to areas of our Department's interest in manpower training programs other than housing as such. This interest is heightened by a number of specific statutory provisions the Congress has enacted in recent years. These include provisions which require that HUD programs provide employment and training opportunities to lower income persons living in the areas where our programs are carried out.

Under our model cities program, for example, we are charged with assuring that programs provide:

> Maximum opportunities for employing residents of the area in all phases * * * and enlarged opportunities for work and training.

This is in addition to the requirement in section 103 of the Demonstration Cities and Metropolitan Development Act that city governments participating in the model cities program—which includes practically every major city in the Nation—create mechanisms for the comprehensive planning and coordination of all services impacting upon the model neighborhoods. Among these are the services provided through manpower training programs. This, of course, makes especially welcome those parts of the proposed Manpower Training Act which would expand the role of mayors and elected officials in relation to manpower planning and programing at the local level.

Another statutory requirement involving HUD in manpower training is set forth in section 3 of the Housing Act of 1968, as broadened by the Congress only last year. It requires us, in consultation with the Secretary of Labor, to assure to the greatest extent feasible that lower income residents have opportunities for training and employment in connection with the whole range of HUD programs. It covers, in the words of the law itself, any project under any program providing:

> Direct financial assistance in aid of housing, urban planning, development, redevelopment or renewal, public or community facilities, and new community development.

In implementing section 3, HUD has had several conferences with the Department of Labor. In those discussions, we—and by this I mean our Department and the Department of Labor—have recognized the need to avoid the obvious pitfall of providing only short-term jobs that amount to little, and lead nowhere. The objective is to promote jobs for area residents with a real promise of permanence or advancement.

The difficulty, of course, is that too seldom are residents of areas affected by our programs already trained and ready for meaningful jobs in connection with HUD projects—including the jobs that may be provided to skilled craftsmen in the construction of HUD-assisted housing or facilities. So, we are commonly confronted with the need for training programs—training programs that do not now exist. And we are confronted also with the need for some vehicle to assure that those trained can secure entry into an industry or occupational category providing employment that is not limited to HUD or federally assisted projects. Very often, this vehicle will be membership in a union.

From the standpoint of these HUD interests and responsibilities, there has been some recent progress in manpower training. New kinds of services—outreach, supportive, and followup—have been made more commonly available in order to reach more disadvantaged people and to respond better to their needs.

There has been some expansion in training in construction skills; and a start has been made toward extending more opportunities for this training to minority workers—including those who will be employed as a result of the new affirmative action plans this administration has been requiring and helping to develop. Efforts have been made to improve planning and coordination at Federal, State, and local levels.

The trouble, however, is not that there has been no progress but that it has not been enough to keep up with the need. In some areas, too much time and effort are required simply to maintain old levels or rates of progress, or to meet old objectives. In others—such as the training of minority workers in construction—it is certainly easier to see progress by looking at the effort that has been expended on each forward step than it is by looking at where we are in relation to the difficulties that remain and how far we have yet to go.

We believe that the improvements included in the proposed Manpower Training Act should prove most helpful in correcting these failings and, as they are corrected, in enabling us in HUD to do a far better job.

I do not propose to address myself to all of these improvements, nor do I presume to speak as a technical expert. There are, however, several kinds of changes contemplated by this bill which I will mention because they touch in one way or another upon some special HUD concern, or because they have parallels in our own experience with housing and urban development programs.

One of these relates to the combination and simplification of a variety of manpower programs and authorities. I feel that I can speak to this based on some current experience, since HUD for its part is about to propose legislation that will combine and simplify many of the needlessly overlapping housing programs which we currently are administering.

We have made no count to determine whether the number of fragmented programs that will be affected by the Manpower Training Act is at all comparable to the number of housing programs we expect to consolidate in our own legislative proposals. But I know that the problems are sufficiently similar that I can second—from a different standpoint—all that Secretary Shultz and others have already said as to the rigidities and frustrations of trying to administer, in Secretary Shultz' words, "a proliferation of categorical programs, each with its own statutory base, funding source and eligibility requirements."

If I would add anything it would be to stress the fact that not only money, but time, is inefficiently expended on the host of day-to-day issues that necessarily arise out of such a proliferation of programs. This is time that can be better spent upon other, larger and more significant questions. And my concern does not stop with the waste of Federal funds and energies. State and local public bodies and the people who are intended to be helped by the programs are the main losers when the effectiveness of programs is diminished because of needless fragmentation.

Another aspect of the proposed Manpower Training Act which has parallels in our own experience relates to the planning and operations structure that the act would establish, particularly at the local level.

Planning on an interjurisdictional or areawide basis is, as we see it, essential if we are to deal intelligently with almost any major problem of our cities or of urban development. It is highly desirable that this planning proceed from a specific statutory base which includes provision for regular funding support.

The act will provide this base. But it will also do something more. It assigns new responsibilities, in connection with operations as well as with planning, and at local as well as State levels, to elected executive officials.

The provisions of the act which expand the role of elected local officials and general units of government should enhance State and local capacity to coordinate manpower planning with other planning, including the comprehensive planning programs funded by HUD. In addition, as I have already said, we think the provisions should serve to provide many mayors with a meaningful new tool for the coordinated approach to city problems contemplated by our model cities program. And we think they will encourage greater attention to some of the current training needs I have discussed this morning.

Of course, the enactment of the Manpower Training Act will not in itself produce the fresh approach to manpower training that is needed. Its provisions necessarily contemplate that new efforts must be made by many agencies, Federal, State and local, public and private, to solve a good many problems that cannot be simply legislated out of existence.

Our Department is prepared to play a significant role in these new efforts, commensurate with the scope and importance of our interests in manpower training. We will work closely with the Department of Labor, and with the Department of Health, Education, and Welfare, the Office of Economic Opportunity, and other Federal agencies.

So far as training in the skills and disciplines related to housing and urban development is concerned, we are confident that our assistance will be sought in preparation of the guidelines to be used for State and local planning and also in the review of manpower plans. And we think we will also have a good deal to contribute when it comes to stimulating the cooperation of many public and private agencies whose attitudes may prove crucial in determining whether the Manpower Training Act is really effective in helping us meet the Nation's needs.

Mr. Chairman, you will note that I have proceeded in a somewhat parochial viewpoint this morning. But I feel that since you have heard from so many distinguished witnesses on the subject of the bills before you, and particularly the Manpower Training Act, that you would be more interested in hearing a witness from the Department of Housing Development discuss how that act will affect our concerns; and that is the reason I addressed myself rather narrowly to its provisions this morning.

I am available for your questions, and will be glad to try to be helpful.

Mr. MEEDS. Thank you very much, Mr. Secretary, and my compliment to you on touching in your testimony and in effect dedicating almost all your testimony to the role which you feel your Department could play in this legislation. You are absolutely correct that we have heard from a great number of witnesses directing their attention primarily of the functions that some one else may have, and we appreciate your "rifle" approach to this problem.

I am struck by what you state in your statement on page 4 with regard to apprenticeship recruiting and your earlier statement, which I consider to be the realistic goals of the Secretary of HUD with regard to a 10-year period; a 26-million unit goal.

Taking those two handles that you have given me here, I would like to address a very general question to you with regard to the role that policy can play in the final product, toward the end result of a manpower program.

It seems to me a good manpower training program has to lead somewhere, and if you go out and either induce somebody to enter manpower training, or if someone comes in to you and seeks manpower training, you have to have something at the end of the line for him, and I am very apprehensive that under the present state of the economy we are not going to be able to do this, recognizing that there are some things in this bill which are delivery systems and coordination, which are very good, and which, I think, we ought to proceed with in any event. But it seems to me that if we hold this bill out as any panacea to solve the manpower programs and the ultimate goal of placing people in employment that we are going to just further frustrate those marginally employed and marginally employable people, because our economy simply is not capable of absorbing these people at the present time.

I think your statement with regard to the shortcomings in reaching our housing goals and in reaching our preapprenticeship recruiting goals illustrate this.

How do you feel the Department of HUD can help us in this economy to provide more jobs, to provide the necessity, indeed the requirement, that we have more preapprenticeship and apprenticeship positions for minority groups?

Mr. VAN DUSEN. There is, as I have indicated and as you have indicated, an enormous pent-up demand for housing in this country. We simply are not keeping up with the rate of new family formations and the rate of deterioration and dilapidation in our older housing. Therefore, this is an area of our economy in which there is enormous opportunity both for industry and for the utilization of manpower in the coming years.

At the moment, of course, one reason why we are having difficulty translating that pent-up demand into effective demand is the impact of inflation, which has sent the cost of housing way up and made mortgage financing, upon which housing is dependent, a weak competitor in the general credit market. So we in the Department are working diligently on the aspects of housing finance which will make more money available for housing.

But we are also working diligently on programs which over the long term will make the housing industry better capable of meeting the pent-up housing needs and producing housing at relatively lower costs. And it is here that we feel there is a particularly great opportunity for people who are not now sufficiently well trained to take on skilled trade employment in the construction field.

This is so because as we move to more industrialization, to more off-site fabrication in housing production, we should be able to utilize manpower with a shorter training period as appropriate to the skill requirements of a single aspect of production, as contrasted with the full range of skills required of—for example—a journeyman carpenter or electrician. Thus, there will be a great many new jobs for which men not now skilled can be trained in a relataively brief period. But these will be meaningful jobs; they will be jobs which will be important to the economy and desirable from the standpoint of those who will be filling them.

Mr. MEEDS. I appreciate your answer, and the efforts of your Secretary, which I consider to be laudable. I just wish that more people in the administration were listening to him in his efforts to secure greater restraints in other areas, or more financing for the home building industry, because I think that all the things that you say are true in the general sense, it is the specifics in which we are falling short, and we are unable to come up with the kind of money and the kind of impetus upon our private lending institutions which will put money into the homebuilding industry.

Mr. VAN DUSEN. We are doing remarkably well, Mr. Chairman, in the relatively small portion of the total housing market where the Federal Government, through HUD, has some degree of direct impact.

The FHA-VA sector of the market actually is proceeding at a higher level of housing starts now than a year ago, despite the very dramatic decline in housing starts generally. And in subsidized housing—for which our Department has the direct responsibility—if the

Congress provides the funds requested within the administration's budget this year, we have every expectation that we will be able to double the number of housing starts.

But, of course, the subsidized sector accounts for only some 15 percent of the total housing production. It is in that great part of the market which does not receive direct or indirect Federal assistance where we have to address ourselves to the absolutely vital activity of getting inflation under control.

Mr. MEEDS. One other very general question: I assume you have had an opportunity to look at these different proposals.

Mr. VAN DUSEN. I am generally familiar with the O'Hara bill, the Steiger bill, and, of course, more specifically familiar with the administration bill.

Mr. MEEDS. With particular reference to the Steiger bill and the O'Hara bill, and I think probably the administration bill is somewhere in between, at least in the area I am going to talk about, it appears to me, and if I am incorrect, please correct me, that the Steiger proposal is much more a State block grant, State planning type of proposal in which you might talk about a pyramid, with the Governor at the top proposing a State plan which the Secretary on one corner, the bottom corner of the pyramid, can approve or disapprove, and the other Federal agencies that coordinate, say, on another corner of the pyramid.

In the O'Hara proposal, it would in effect put the Secretary of Labor at the top of the pyramid and then the Governor and State and local, municipal areas down at one, and the other areas of Federal Departments in another corner.

Just for a general thing, do you think your efforts could best be coordinated after a Governor has submitted a plan to the Secretary of Labor, or before, as I think would occur in the O'Hara proposal?

Mr. VAN DUSEN. Well, given that choice, I think that an approach assigning the Governors an early and important role would be preferable, and I will give you several reasons why.

One of the major efforts of our Department is strengthening the institutional capability of States and local units of government to serve their citizens more effectively. It is most important to this effort that we afford States and their Governors with a meaningful role in the execution of programs directed to achievement of national goals. Furthermore, where the Governors are playing such a role they can be extremely helpful in pointing up many problems of which Federal officials may be unaware. After all, conditions do vary from State to State. Manpower training needs vary from State to State.

If the Governors and their staffs are to participate effectively, and if the Federal Government is to benefit from their input, then we should solicit their involvement in programs at an early stage. The Steiger bill does that. The administration bill does that. The administration bill goes further in recognizing specifically the importance of involving local units of government. Because it provides specific incentives for the more effective performance of local as well as State responsibilities, we think the administration proposal is particularly desirable.

I hope that gives you a general picture of my views. I would be delighted to respond more specifically.

Mr. Meeds. If I may be more specific, let's try to apply this to your Operation Breakthrough, for instance, and I will state it generally so you can see my feeling on this.

It seems to me we have to establish national goals in manpower training, and that in many instances States, and even municipalities, operate somewhat in the vacuum of their own specific problems, which may be only peripherally related to national problems, and that if we lay down a policy such as Operation Breakthrough that it almost has to come from the Federal Government, and those components of it which are applicable to the various States picked up and utilized. I find it very difficult to contemplate how this would work when you start in reverse, which it seems to me the Steiger proposal does, that you have State goals and try to then work up to an inverse pyramid to fit these into national goals, and I think Operation Breakthrough is a perfect example.

I know, for instance, in my own State, very near my own congressional district, we have a proposal, a location there, which I, incidentally, feel to be very good—I feel the concept to be good—but I find it very difficult to think that this might emanate from the State of Washington without some national direction.

Mr. Van Dusen. If I may, Mr. Chairman, may I compare, not the Steiger bill, but the administration bill with Operation Breakthrough and show you how we regard the basic concepts as being quite parallel?

In developing Operation Breakthrough in the Department, we recognized that many of the vital actions necessary to make Operation Breakthrough a success were going to have to occur at the State level and at the local level. This was partly because many of the key legal powers resided at the State and local level—with respect to planning, building codes and zoning, for example. Also, it was at the local level and State level that we found much of the knowledge and expertise needed to identify sites and estimate the market.

Accordingly, one of the very first things we did in Operation Breakthrough was to bring in a representative group of State Governors and then a very representative group of mayors to expose them to our plans, solicit their comments, and get the benefit of their advice in the shaping of the program.

This State and local participation of course has not stopped with the planning. As the program has gone on, it has depended upon States and local governments to propose prototype sites and upon the continued willingness of those jurisdiction where sites have ben selected to work with us in making their building codes, zoning and other laws appropriate for the use of Operation Breakthrough techniques.

Thus, what we have tried to do in Operation Breakthrough is to marry a Federal initiative with a high degree of local participation in planning, coordination and execution. That, I think, is exactly what the administration bill contemplates with respect to the manpower training programs.

It gives the Secretary of Labor the opportunity to exercise the national initiative, and the opportunity to reward varying degrees of performance at the local level.

Mr. Meeds. Thank you very much.

The gentleman from Iowa.

Mr. **Scherle.** Mr. Chairman, I appreciate the interpretation of the various bills given by Mr. Van Dusen. Particularly his approach in regard to handling the situation as far as the Department of Housing and Urban Development. I compliment you on your presentation.

Mr. **Van Dusen.** Thank you.

Mr. **Meeds.** The gentleman from Minnesota.

Mr. **Quie.** No questions.

Mr. **Meeds.** Thank you very much.

Mr. **Van Dusen.** Thank you, Mr. Chairman.

Mr. **Meeds.** The next witness needs no introduction to this committee, or, indeed, to this Nation. The former Secretary of HEW, the architect of the present medicare bill, and an expert in social security and HEW, and now dean of the School of Education at the University of Michigan, a fine personal friend, and a very fine American, Mr. Wilbur Cohen.

Welcome to the committee.

STATEMENT OF WILBUR J. COHEN, DEAN, SCHOOL OF EDUCATION, UNIVERSITY OF MICHIGAN, ANN ARBOR, MICH.

Mr. **Cohen.** Thank you, Mr. Chairman, Mr. Quie, and Mr. Radcliffe.

Let me say I am glad to come back to this room. It has lots of fond memories.

I am apologetic that I don't have a written statement. During the last 2 weeks I have had a lot of student-faculty confrontations, and not having the supporting staff that I had when I was Secretary and having to write all my statements myself now, I hope you will forgive me for not complying with the rules of having a written statement.

Mr. **Meeds.** I might say to you, Mr. Secretary, having a written statement has never inhibited you in anyway, or not having one, either one.

Mr. **Cohen.** I think I would have to admit that is true.

I would also like to say that I have 10 major points that I would like to make. Some of them you might find not particularly related to the bills that you are dealing with today in the subcommittee as much as the overall jurisdiction of the full committee in terms of other pieces of education and other legislation. So if you will forgive me, I am going to try to give you the benefit of my year away from Washington, my concerns with the problems of education that bear both directly and indirectly on the general topic you are discussing today.

First, I would like to say that I believe that something along the line of what is in Mr. O'Hara's bill on public service employment is a matter of the highest priority in my opinion as I go through the bills that are pending before this subcommittee and the committee.

I believe that with rising unemployment and with many unskilled people, and with mounting welfare rolls and with the problems in the inner cities and the ghettos, we have had for a long time, we have now, and we will have in the immediate future, a tremendous need for undertaking public service employment.

As you know, that is a somewhat more euphonious phrase than the concept of the Government as the employer of last resort.

I would like to point out to you, however, something that is very little known, and that is the concept of public service employment has already been written into law in part in the 1967 social security amendments relating to the welfare program, and they are repeated in the family assistance bill just reported out by the House Ways and Means Committee, jointly sponsored by Mr. Mills and Mr. Byrnes.

I say this because in my opinion, a great deal could be done by further extension of appropriations under that provision of law which, as I recall, is section 432—I will give you the exact reference in case the staff wishes it—432(b)(3) of the Social Security Act, which relates to the aid to families with dependent children. That section of the law already authorizes the establishment of a program of special work projects for individuals for whom a job in the regular economy cannot be found.

The object, of course, of the committee in establishing this at the time was to try to get some of the people on welfare into employment. I handled that legislation in the executive sessions with the committee, supported the enactment of section 432(b)(3) as Secretary, and I am in a way happy to see that the Ways and Means Committee has not only kept that provision in the existing welfare bill, which will come up for House action soon, but it is emphasized in its committee report, which is just available today, that they are distressed that that special work project has only been implemented in a meaningful way in one State despite the fact that the law provided for implementation in all States.

The bill renews—I am reading from the committee report on page 34—

> The bill renews and emphasizes special work projects and eliminates the complex financing arrangements which the Department of Labor declares has inhibited their growth. Your committee fully expects wide implementation of special work projects. Your committee also believes that those projects may be of critical importance to the training and placement of welfare recipients if employment rates fall below existing levels.

So, Mr. Chairman, I would make two points: I would wholeheartedly support the public service employment provision under the O'Hara bill, but I would urge that the subcommittee reexamine it in the light of what is in the Mills-Byrnes bill, and build on it whatever additional requirements, standards or guidelines they wish. I would certainly urge Members of Congress to support a more extensive appropriation for this purpose, which I believe is a matter of high importance.

I would say that I think of this as so important that I would support Walter Heller's proposal that he made yesterday, that if there isn't enough money to do it, that we put some of the surtax money, as he recommended, the 5-percent tax, to finance some of this, because I believe that unless we are going to deal with this problem in a better way in the next few years, this is going to further complicate the problem in the inner-city and the ghetto. It is going to destroy whatever progress we are making in race relations, and I think of it as a matter of very high importance in dealing with the problem of the poor, and I shall return to this in a moment.

I would also like to say that I think it is of increasing importance because it is clear that the addition of millions of additional working poor that are covered in the new welfare program cannot be successfully handled, in my opinion, if you want to reduce the welfare rolls, without either special work projects, or as in the O'Hara bill, public service employment.

I would say this to you, gentlemen, that there will be a great deal of misunderstanding, and there will be a great deal of criticism, as there has been in the past about congressional legislation, if the welfare bill passes and people think that workfare is going to be substituted for welfare without Congress authorizing a very substantial public service employment program.

My second point now, Mr. Chairman, is that any program in the field of manpower must have in it a much more expanded new careers program than any of those that have been developed in either the OEO legislation or the manpower development and training legislation.

There is a vast opportunity for very effective use of Federal and other funds if Congress would accelerate, maximize, develop, and give more money for new career components, that is, allowing people at the lower levels to rise in the scale, in terms of education and income, social and geographical, that kind of mobility that we are proud of in the United States.

I don't think there is anybody, really, in Congress who disagrees with me on that objective, because Congress has authorized those kinds of programs in a tentative way.

But I would like to make three points in that connection: First, I think more money ought to go directly to community colleges in that area. I think that community colleges of this country should have a larger role and more Federal aid and more leadership and more direction to take people who might not go on to a 4-year college or the big State universities, with 2-year terminal programs, 3-year associate programs, community and adult education programs. Because I think to lock all that responsibility into the big and leading universities gets you into a lot of problems about open admissions. It gets you into problems of financing and whether some people are not qualified to be in college and you get into a lot of arguments, like Vice President Agnew made about the quality of education.

Some of that can be avoided if we emphasize tremendous expansion in the community college area and the post-high school area and get the community college with the high school, the area vocational schools and, of course, the universities, as I shall touch on later.

I would be very enthusiastic about some kind of specifically earmarked, categorical, or institutional grants in the community college area for them to take on this kind of a program, and I think it would be beneficial to all.

Let me say this——

Mr. QUIE. Would you yield right there?

Mr. COHEN. Yes, sir.

Mr. QUIE. Are you talking about adding that to the manpower bill rather than putting it in an expansion of the Vocational Education Act?

Mr. COHEN. Well, I guess I would take it where I could get it. I will touch on this in a moment, Mr. Quie, my views on vocational education, if I might. You might consider that and my other suggestions on vocational education either in the vocational education bill, or in a separate bill. I really haven't given any thought to where it ought to be.

Mr. QUIE. It would help if you, from your vantage point, could indicate where you think such programs should be located because as you know, there is conflict between manpower training and these programs.

Mr. COHEN. I am going to make a suggestion—I don't know that you will find it immediately acceptable, but I am going to make a suggestion on this matter of the relationship of vocational education to those other manpower programs in another moment.

Mr. QUIE. Very good.

Mr. COHEN. I might say if there is anything I have thought about in the last 10 years it is that problem, as you and I and others have worked on it. I don't know that I have a solution, but I know there is a big problem there, and it is not being solved now.

Mr. QUIE. We would appreciate having your ideas.

Mr. COHEN. I would like to give you my idea to see whether it has merit, but it will require a lot of staff work. But I shall make it in a moment.

Mr. QUIE. All right.

Mr. COHEN. In connection with the new careers, and this is true of any kind of manpower development training program, but particularly true in new careers there must be money and support for two things: tutorial work for people who would otherwise fail these programs because they need counseling and guidance, and also for more instructional help, because you would have to have smaller classes.

I am very concerned that in our effort to bring these people into manpower development and training and other programs, we assume we can train them and work with them as we do with people who are highly motivated, highly educated, middle-class families.

These people need more help. I have taken into my school 21 new career people, including some who did not have a high school degree, and were admitted to the university in a special experimental course. I would say the amount of staff time and money for the 21 is about three times as much as you need for 25 other students that would normally be admitted.

The reason I am concerned is that if we don't do that some are going to fail, you are wasting a lot of money, and you are accelerating the frustration without achieving anything.

I am also happy to see that when the Ways and Means Committee, for instance, in their committee report recommended these programs for expansion of training for the working poor, they have in there on pages 32 and the top of 33, a reinforcement of supportive services for people undergoing training, which I think is very pertinent.

The committee report says:

> Lack of necessary health and other supportive services has been particularly damaging to the effective operation of the WIN in a number of States.

Then they go on to provide 90 percent Federal matching along the lines that you originally included in the OEO legislation to give these supportive services.

What I am saying, in brief, is this: In any of these areas, to go into the training of the marginal groups, the untrained groups, the people with little background in education, where we want to raise their standards, please be sure to consider the supportive services, please be sure to recognize the tutorial services you need, and please recognize that you have to put more quantity and quality in there if they are to be successful. Otherwise, your rate of failure is going to be very high.

Third, I would like to re-emphasize my point about community colleges more generally than what I did in the new careers, because I believe there is a need for vast extension in financial support of the Federal Government to community colleges, particularly in the training of teachers and administrators. I would like to suggest some institutional type grants for community colleges that would be somewhat like you developed in connection with developing colleges.

Unless we are prepared to provide a larger role of the community colleges in the training and retraining of people, I think that we are not going to be able to meet our needs.

That is based on the assumption that for the longer run future, for a large part of the working population of this country, there is going to have to be possibly two if not three retraining programs over a person's lifetime, because of the rapid technological, scientific changes in jobs, products, merchandising, packaging, and all the other consumer attitudes and changes because of our interests in environmental conditions and so on.

I would like to mention this to the committee if they are not aware of it: We have a very serious problem this year. There is now a surplus of Ph. D's graduating this year with less likelihood of jobs than at any time in the post-war period, I would say. This is a very serious thing. I hope the subcommittee will give some attention to the fact that we have, in terms of supply and demand, an oversupply and a lessening of demand, and this could easily be a very frustrating situation for hundreds of Ph. D's who have been working for the last 3 to 5 years and now find there is no market.

I would urge you to consider the possibility that, at this particular juncture, many of those might be willing to go into the community colleges, since there are not so many jobs in the universities. This would be helpful in raising the whole level of the community colleges, and be a tremendous timely opportunity to, instead of making community colleges just junior colleges, raising their level, so that parents and people feel they are getting a good quality of performance and not a second rate one in the community college.

My next point has to do with vocational education. I have given a great deal of thought to this the last year, as I had in working on the 1963 Vocational Education Amendments, and the 1968 ones. I think there is a great deal of merit to the contention that vocational education is still looked upon, whether by teachers, by parents, by the communities, as a second-class program in this country, and I think that is a terribly unfortunate development.

We have in this country now an attitude built up by parents, built up by students, and built up by the community, that the child who doesn't go to college and goes to vocational school is obviously a failure. That is disastrous. That is simply a scandalous psychological situation. We need many more skilled and semiskilled people in this country to bolster up other medical professions, nursing homes—almost everything—and if we don't do it, we are going to have a big failure. Yet this attitude prevails so uniformly that I am concerned about it.

You might say to me, "How are you going to overcome it?" And I have one suggestion.

I think the Vocational Education Act and Amendments of 1968 ought to be amended to provide more direct aid to the universities to make vocational education a part of higher education and raise its status in the educational ladder by making more direct grants to the universities for the training of teachers and for the development thing that is recognized as a part of the university program.

I think you will only change this unfortunate image by bringing in the great universities and making the training of these teachers something that is recognized as a part of the university program.

In the EPDA legislation, you did authorize some training grants directly to—some grants to universities. I think there are nine universities that are now getting such grants. I hope that the University of Michigan next year will be added to that list, because I think it is so important.

What I am saying to the committee is that you should look at this section, and you may want to authorize something grants to 100 or 200 or 500 institutions of higher education to get them into the vocational educational field.

As long as it is viewed as a secondary school, as a post high school, as a community college matter exclusively, without the enthusiastic role of the higher educational institutions, I think you are not going to maximize vocational education, which needs to be developed much more extensively in the United States.

Mr. MEEDS. Mr. Cohen, if I may interrupt at that point, my recollection is, and both Mr. Quie and I were very active in this, that we, by amendment to the EPDA, set aside, I think, $15 million the first year and $20 million the second year and then $25 million the third year for precisely what you are suggesting.

Mr. COHEN. Right.

Mr. MEEDS. And my present knowledge is that very little of that, in effect none of that has been funded. Is that your recollection?

Mr. QUIE. It was not funded.

Mr. MEEDS. There are some EPTA grants in vocational education, but first of all, they are few, and secondly, they are not in the set-aside category we provided.

Mr. COHEN. The EPDA people were out to see me a couple of months ago, and there is a pamphlet that eight or nine universities are getting training grants. I am going to apply for one about a year from now. But in order to do it, I have to spend $45,000 or $50,000 of my own money to provide the base to get the grant. Well, I have got to go around with a tin cup somewhere. I went up to the Senate Appropriations Committee up in Lansing the day before yesterday telling them how important this is so I can get the money to get the Federal grant, but I would urge you to expand whatever that is.

I would make that a first priority in the vocational education legislation or appropriation process. I would take that, if it is $15 or $20 million, and over the next 5 years, I would raise that to $100 million or $200 million. I would get the universities into this. I never appreciated until I got back in the university this year what an overwhelming problem you have.

I have members on my own staff who say:

Don't get into vocational education. That is the high school, that is the community college. Let somebody else do that.

Well, I think that has been the trouble. That is part of the whole wrong psychological attitude.

So, if it is either the EPDA provision, or some other provision, or part of the Vocational Education Act itself, I would urge you to increase the money and to make that a No. 1 priority rather than direct grants to the States for training.

Until you get the universities to take on the leadership role, you are more likely to spend money on lesser important matters of training than what ought to be in the future.

Mr. Meeds. You are certainly talking to friends here.

Mr. Cohen. I don't know whether this suggestion will change the direction, but I though a lot about how to do it, and that seems to me to be the one I have come across in my experience that is inhibiting a great deal of the development.

My fifth point, Mr. Chairman, has to do with something that is not directly before this subcommittee today, but before the full committee, and that is the bills which are pending by both the majority and minority members dealing with preschool education, preprimary school, or what is sometimes called day care or child development. There are a lot of different names.

Now, I believe that we are not going to make a successful assault in the whole problem of—I will now call it "womanpower and training" unless you have a more effective program of child development or day care than we have in the United States right now.

You are not going to be able to meet the manpower needs of our country in the next 30 years of this decade unless more women work at least part time, and a great deal of the problem in the welfare rolls comes from the problem of women who are heads of families, so you have got both a supply and demand problem here, and they are not meshing up. I urge you to read the appropriate parts in the Ways and Means Committee legislation where the present administration and others are recommending substantial additional funds for this purpose, which I support wholeheartedly, and I see no reason why the bills that have been introduced by the majority and minority on early childhood education could not be enacted to provide the plan requirements and the educational component that ought to go into the day care program so that they are not simply custodial programs.

But if you are going to go out and start through any kind of a manpower program trying to train many of these unskilled people with lesser educations, you are going to find lots of them are women, both black and white, and other ethnic minorities, and you are not going to be able to successfully do that unless there are more day care arrangements available for the care of their children. Those are very difficult problems of families. Should the woman work, or shouldn't she work? And when should she work? But the fact of the matter, when you are through considering all these factors, more women want to work, more women are working, there are more needs for them and they are going to work, and you must have day care, and good day care with a learning component, with the educational institutions participating.

In the welfare bill, as reported out by the House Ways and Means Committee, there was only one line in the bill, which says something like, "There shall be appropriate arrangements worked out with local educational agencies."

What I urge on this committee as its function is to put meat on the bones of that kind of requirement by the kinds of planning requirements and other things in the pending program.

Mr. **Meeds.** The Select Education Committee, too.

Mr. **Cohen.** But I urge it to you because of your jurisdiction over the manpower-womanpower training area. You cannot accomplish that objective unless you fully support not only day care, but early childhood programs.

There is no question in my mind but that the OEO program and Headstart, which has developed the principle of parent involvement in early education with some kind of a learning experience does offer very substantial indications of possible success for the future, and in which I would be willing to invest more Federal dollars, because I think it is likely to result in a higher degree of success than some of the other programs.

When you ask me whether the rate of success of such a program is 10, 20, 30, or 40 percent, I don't know. But I know this about most of the programs. If any program has a 50 percent success rate, I think it is a pretty good program. Human beings are very complicated, these problems are very insuperable, and I don't want to establish as my norm for evaluating a program, that if every dollar isn't spent 100 percent successfully, then it is a program not to be desired.

Now, gentlemen, I am going to make a couple of points here which are somewhat more controversial, but you will be aware that in this program, and in the other programs that you are talking about, the fundamental key over the past years has been the Employment Service.

You can't run a manpower, a local, State, a national manpower program without the Employment Service.

Now, when I first started my career some years ago, I did spend some time working on the Employment Service. I was a party to the transfer of the Employment Service from the Labor Department to the Social Security Board so the employment service and unemployment insurance would be put together. I did testify in the Senate about not taking the Employment Service out of Social Security and transferring it to the Labor Department. I only want to say that I have a bias in the direction that you are not ever going to successfully master this manpower problem until the U.S. Employment Service becomes 100 percent federally operated.

Now, the reason I say that, that is absolutely contradictory to the administration bill. I have thought about this a great deal.

I believe in decentralization. I believe in local responsibility. But with the way we are developing in this country in terms of mobility of capital, mobility of labor, these problems of the overwhelming concentration of people in these inner cities, I do not see how in the next 10 or 20 years, if you want to have coordinated, successful manpower programs in this country, there is no other alternative, in my mind, than to have a National Federal Employment Service and not having the kind of parochialism that we have in the program at the present time.

I recognize that is an extremely controversial issue. I recognize that it is not likely to be done tomorrow, or maybe in the foreseeable future even, but I am saying to you that when you report whatever bill out you are going to report, be careful about what you promise, because I don't think you can carry out many of the promises that you would like to promise on manpower coordination without a single federally operated Employment Service.

I don't mean to imply that if you did that everything in the world would automatically become roses and perfume. I think that you still have a large problem. Then, if you ask me in the next question, "If you did that, how would you get local participation?" I would have to say that you would have to develop advisory committees on the local and State levels with employers, with unions, with school people, and quite frankly, I think there ought to be more vocational education people involved in the Employment Service program.

When I came to work, and I think Mr. Radcliffe may even remember this in connection with the 1963 Vocational Education Amendments, my biggest problem in drafting the bill that was sent to the committee here in 1963 was getting the vocational education people and the Employment Service people into the same room to talk about the same problem. I will be frank with you. One night in my office when I was Assistant Secretary, when they refused to sit down and meet with me, I said, "Well, if that is so, I am not going to recommend to the President of the United States that he send the Vocational Education Amendments of 1963 up to the Congress." That was the only way I could get those men to sit down in my office to talk about the interrelationship between vocational education and the Employment Service.

These were dedicated men, but each thought that his program ought to remain absolutely inviolate, free from any contamination from the other source.

A lot of progress has been made since then. We incorporated amendments in 1963 which tended to heal that breach, about registering at an employment service and so on.

I think you have got to find ways in which the vocational education people and the Employment Service people work more effectively together at the local, State and National points of view.

Now, I am going to answer some questions you might ask. You say "Well, vocational education would still be State, and the Employment Service would be Federal. How is that going to work?"

I think it was Emerson who said consistency is the hobgoblin of small minds, or something of that sort. I don't see that because one part is completely Federal, the Employment Service, I would not advocate that the vocational education program be.

Mr. MEEDS. If I may interrupt, as a matter of fact, vocational education institutions at the local level could be part of that feed-in that you talked about that had to come from the local level for the nationwide employment service.

Mr. COHEN. Put it this way. I may be wrong, but my view is that there probably is more politics in the State employment service than there is politics in the State vocational education.

Mr. QUIE. The State employment service is really a hermaphrodite. It isn't fully Federal or fully State.

I would agree with you that we have to change the situation. I would prefer that we give States an opportunity to prove they are fully capable of administering it.

So, we have a number of alternatives. When you talk about federally run programs, the thing which concerns me is that you may bypass the State and use the system in OEO where they run them out of regional offices. I am convinced that either direction you go, either Federal or State responsibility, you need your offices in the State.

Mr. Cohen. Could I discuss that point with you now on a point that I think is extremely important?

My mind has worked more on the welfare bill. I think when you get this new welfare bill passed, you are going to have to go to 50 Federal offices in 50 States. You see what I mean?

Mr. Quie. Yes.

Mr. Cohen. You can't administer this new welfare bill out of nine regional offices or out of one Washington office, because you have the situation that this bill still allows every State to set its own standards. Minnesota can still go ahead and pay more than $1,600, as it does now, get its $1,600 per family of four from the Federal Government, and supplement it, and decide under the bill that it is going to make the payments, or the Federal Government is going to make the payments. They may have the choice under this bill.

But the Federal Government's role, whatever they decide, must have a payment agency in either St. Paul or Minneapolis, or wherever the State arrangements are now, in order to coordinate the whole program.

So, I think what you are saying is going to be a developing mechanism that is quite different from the traditional regional office Federal-State relationships as a result of this program.

Mr. Quie. I am glad to hear you say that. I think one of the reasons why programs that are federally run fail is that they set up regional offices too far from the scene of the action.

Mr. Cohen. My most dismal failure as Secretary was an effort to have the NDEA Act administered out of the regional offices. I had to go and do something that we really didn't believe in, which is to recentralize administration in Washington, because educational people did not want decentralization through the regional offices. We never offered them the opportunity of 50 State offices, but I don't think they would have liked that either.

Mr. Quie. You have a different situation there. They are so locked in to State administration. The education systems, you know, grew from the States, and the Federal Government is a Johnny-come-lately there. We are talking here about programs that really haven't been done well before. So, you have more alternatives here than you have in education.

Mr. Cohen. Maybe this welfare program will become a basis for a new reexamination of administrative relationships between the Federal Government and the States, and we ought to explore whether that has any model for vocational education or any other program.

Mr. Quie. We will have a chance on that.

Mr. Cohen. Yes.

I would like to make one auxiliary point in that connection. I guess this is more a Ways and Means problem than yours, but I know that the problem in this committee and in the Congress and the President and everybody else is money.

Let me offer a suggestion. There is $12 billion in reserves in the unemployment insurance system in the United States right now, in my opinion much more than is needed for any short-run unemployment.

It would seem to me that some of these vocational education and other training programs could properly be a charge on the unemployment insurance program.

Now, I recognize that these reserves were built up from payroll taxes. I realize that there should be a limit of payroll taxes for financing general activities of government. The Employment Service is financed out of the four-tenths of 1 percent payroll tax that is raised by the Federal Government, which is in addition to the money that is in the reserves.

I don't see why a part, in addition to the Employment Service function, of some of these training, new career, vocational components shouldn't be borne out of that payroll tax. I would even be in favor of raising the four-tenths to, say five-tenths, or some other figure, and have part of this paid out of it.

Because if we are looking at the labor market in terms of unemployment insurance, and employers want people to be employed and fewer people unemployed, then the cost of training programs are a proper charge on the unemployment insurance system.

I happen to believe that a lot of this should be paid out of general revenues and should be paid by the general taxpayer, but on the other hand, I am cognizant of the problems of the Federal budget, as the President and the Congress are.

That $12 billion in the fund has just been building up. You are not going to spend it for unemployment benefits. To spend $12 billion in a year or two for unemployment benefits would involve you in a catastrophy.

Mr. Meeds. Which we may be headed for.

Mr. Cohen. If you are, you are not going to wait for the unemployment insurance system to pay that out over a 2- or 3-year period.

Mr. Meeds. May I just point out to you, Wilbur, that the unemployment rate in the State of Washington today is 7.2 percent. Now, that is phenomenally high.

Mr. Cohen. Right.

Mr. Meeds. And if this were to happen in a lot of other States, which it could, I suggest that we might use that up pretty fast.

Mr. Quie. You have the lumber industry out there.

Mr. Meeds. You might tell the Boeing Co. that.

Mr. Cohen. I might say this, that if that happens, by the time you reach $3 or $4 billion worth of expenditures out of that, you would be doing something else in the U.S. Congress than waiting another year or two to spend the rest of that $12 billion.

I would say that at least half of that $12 billion is sterilized, in the sense that you would be doing something else, under the Employment Act, under Public Works, under works projects, under changing the Federal Reserve Board policies, and a lot of other things, or housing construction.

Now, that has been building up so rapidly in the past few year, it was $8 billion in 1965, $9.8 billion in 1966, $10.7 billion in 1967, $11.7

billion in 1968. It is $12.5 billion now. I am not asking you to spend it all, but there is at least a good half a billion dollars or $1 billion in there that could be used without endangering that, and look at what you could do in these programs.

You have been fighting for weeks about what, $200 or $300 million, maybe $400 million? Well, you can pick it all up from the unemployment insurance program, if you find a way to do it. I really think that what we are doing is we are sterilizing a lot of money over here. I appreciate that it is kind of hard to get the Ways and Means Committee to change that. I have tried for quite a number of years, and have been 100 percent unsuccessful, but if you gentlemen want to do something for education and training, there is a possibility there if you could explore it.

My seventh point would be something you are well aware of: a substantial increase in funds for title I of ESEA. I know members of your committee are in conference on that. I simply want to say that we have to do more to overcome the disadvantage of these children in elementary and secondary schools, if you are going to be able to employ them later when they get out of school. We have to look at the whole continuum from preschool up to higher education. Despite all the things I have read about the failures or abuses under title I, I want to say that I still think it offers, with appropriate amendments, one of the best ways to get at overcoming the disadvantages that now exist. And I have seen nothing, in my opinion, that indicates that putting more money in there, wisely spent, would not be of great national advantage.

My eighth point is really related to that, and that is in connection with this controversy over desegregation. I have been studying the Coleman report, as I guess Mr. Moynihan and President Nixon have—at least it looks that way from the message on education—and I want to make one suggestion to the committee. That is, I think you ought to invite Professor Coleman to come before the committee, if you haven't already, because I think this man has got more insight into these complicated problems involving dropouts, discrimination, and ways in which you might provide some kind of support in the school system so people would be better oriented to stay in and have vocational interests.

I don't know why—I have seen comments by Dr. Coleman in the paper, but I doubt that anybody has had him before a congressional committee. At least, I don't know if they have. His ideas might be helpful.

My ninth point is that unless you can reduce the total poverty load in this country below 25 million, which it is now, your problems on manpower training are always going to be more gigantic than you can solve.

You now have 25 million people, by current standards, 25 million people who have incomes below the poverty line. I must say the Congress and the American people could be proud of the fact that we have reduced the number in poverty from 38 million to 25 million, a reduction of 14 million, which is one of the great success stories that our young people in colleges don't realize. I think the various legislation that this committee and other committees have dealt with has had an impact.

But there are still 25 million people who are below the poverty line, and 14.7 million of these are adults, and 10.7 are family members under eighteen. Two-thirds are white, and one-third are nonwhite, which is frequently overlooked.

I believe that unless Congress develops a policy that in the next few years reduces that 25 million to at least 15 million, let's say during the first part of this decade, you are going to have a big problem in manpower and training, because you are going to have to be training people that don't have the possibilities of getting a job or getting income that matches what is needed in the society. And the big problem about the welfare bill is still this problem, that if you pay people more for being on welfare than they can get on a job, what is the incentive for people to get off the welfare rolls to get on a job? And if you are going to train people on welfare to get off to get only just as much income off welfare as when they are on welfare, with no opportunity to go up the scale in the next 5 or 10 years, the problem is going to be more difficult.

That is the reason that you have to have a program; if you want a manpower program and education policy to work, it has to be consistent with an attack overall on poverty.

I have thought a lot about that. Mr. Quie and I worked on the OEO legislation back in 1964. I think we ought to do about the same thing with the poverty program that we did with the Employment Act of 1946, and that is, instead of just looking at the OEO legislation, you ought to look at the total program of the Federal Government as far as the abolition and reduction of poverty is concerned. And you ought to get that program spelled out, and then look at what you would do in the manpower field over the next 10 years.

In other words, what I would like to see is a kind of a 10-year program developed by the Congress that looks at the abolition of poverty, the development of education, and training as three closely interrelated programs, all of which in a sense fall to a large extent within the jurisdiction of this total committee.

We really don't have this policy expressed like we do in the Employment Act of 1946 as a totality. We have pieces. All those pieces have done a lot of good. I think many members of this committee share the view that we could maybe reduce some of those categories, put some of them together, and interrelate them. But I think the missing ingredient is a lack of congressional policy that translates the totality of dealings with poverty, education, and training together into a program for a decade.

I think unless and until you do that, it is going to be hard for all the parties, the educators, vocational educators, the employment service, the welfare people, to see that Congress really has a total philosophy and a total program. Each is going off in its own direction, trying to do as good a job as they can, but none of them see the totality.

I have published an article on what I call a 10-point program to abolish poverty by 1980, which puts all these components together, and I would like, if you have no objection, to put it into the record at the conclusion of my statement. Because I think you might like to take a look at all the components at some time, if you think there is any merit to that.

Mr. Meeds. Without objection, it will be added in the record.

Mr. Quie. Did it appear in the Congressional Record?

Mr. Cohen. It appeared in the Congressional Record on December 5.

Mr. Quie. Who put it in?

Mr. Cohen. Senator Mondale.

I will leave a copy with the clerk.

(The article referred to follows:)

[From the Congressional Record, Dec. 5, 1969]

A Program To Abolish Poverty

Mr. Mondale. Mr. President, Dean Wilbur J. Cohen, University of Michigan School of Education, and former Secretary of the Department of Health, Education, and Welfare, has prepared an excellent article entitled "A 10-Point Program To Abolish Poverty by 1980," which will be published shortly in the Information Please Almanac of 1970.

I have had an opportunity to read this series of wide-ranging and provocative proposals. They constitute a well-thought-out blueprint for a coordinated attack on the persistent problem of poverty in the midst of plenty. The proposals, which range from ending racial discrimination, expanding educational opportunities, and improving social security to upgrading our health system, reforming the welfare program, and providing family planning and other social services reflect the breadth and depth of knowledge Dean Cohen has gained from a lifetime of commitment to programs designed to meet human needs.

I commend this thoughtful article to the attention of the Senate and ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

"A 10-Point Program To Abolish Poverty by 1980

"(By Wilbur J. Cohen)

"The United States is rich in material and human resources. In 1971, the annual gross national product will undoubtedly exceed $1,000 billion; the average annual income of families will be approaching $9,000. More over, abundance is growing.

"Historically, poverty has been the result of inadequate production of goods and services. This situation still exists in most of Asia, Africa, and South America. By contrast, the abolition of poverty in the United States is no longer a problem of productive capacity.

"The Nation has the material resources to eliminate poverty. In recent years, remarkable progress has been made toward the twin goals of the abolition of poverty and the provision of economic security for all. In addition, there are sufficient resources to assure the overwhelming majority of Americans whether at work or retired, whether widowed, orphaned, disabled, or temporarily unemployed) continuing incomes paid as a matter of right—incomes sufficient to assure a modest level of living, not just enough to meet the low standard that is used today to define poverty.

"Although there are different standards of poverty, the Social Security Administration index is the most widely used. For an urban family of four persons, the poverty level was $3,412 for the year 1967 compared with $2,974 for 1959. These figures are adjusted for family size and price changes on this basis. In 1959, there were about 39.4 million people living in poverty; in 1968 the number was down to 25.4 million—a decline of 14 million persons. In 1959, 22.4% of the U.S. population was below the poverty level; in 1968 this figure had declined to 12.8% (See tables.)

"We have, however, not only the resources but also much of the institutional framework to build upon to make poverty a thing of the past and to better the economic security of all Americans. With a comprehensive and coordinated plan, the job of eliminating poverty can be accomplished.

"During the 1960's improvements in the social security program have brought higher benefit payments to a great majority of retired older people, widows and orphans, and the long-term disabled. Twenty-five million people—1 out of every 8 Americans receive a social security check every month. Because of their social security benefits, about two-thirds of these beneficiaries are able to maintain a level of living somewhat above the poverty level. Nevertheless, about 8 million social security beneficiaries still live in poverty, even with their benefits.

"Yet, substantial progress has been made in reducing the number of the poor, in improving the level of living for people whose incomes are just above the poverty level, and even in improving the position of those who are still below the poverty criterion.

"The striking reduction of poverty during this decade is attributable to economic growth, to the various measures taken to make it possible for more people to participate in the economy through job training, rehabilitation, and improved educational programs and to the major improvements that have been made in the social security program.

"Nearly 30% of the poor live in households with an aged or disabled person at the head. Most of these people could be moved out of poverty through further improvements in the social insurance and assistance programs. One of the greatest challenges comes in finding solutions for the rest of the poor—those who lived in households where the head worked all year but was still poor or could find work only part of the time or had no job at all. We can find solutions to this problems by a ten point coordinated program.

"First: A successful national attack on poverty is dependent on poverty is dependent on continued economic growth and economic development:

"We could reduce the poverty group from 25.4 million to about 15 to 20 million in the next 10 years with continued economic growth, and the expansion of employment in areas where underemployment now exists. This involves changes in tax policies, housing, and other programs.

"Second: Opportunities for work—meaningful, productive, self-supporting work—must be expanded:

"Economic security is perhaps best defined as a job when you can work and income when you can't. Most fundamental is the opportunity work. Job opportunities must be made available for all who can work, and programs that improve the ability of the individual to earn must be expanded.

"Well-planned and useful work, not made work, can be provided. There are over 5 million useful, public service jobs that could be developed—jobs in hospitals, and nursing homes, jobs that would contribute to improved roads, parks and recreation centers, jobs that would help relieve the pains and anxieties of children, the aged, and the disabled.

"For those whose capacity to earn is low, and for those who have a potential capacity but are unable now to get a job, much can be done to improve programs that prepare them for full participation and full opportunity. Educational activities, job training, health and rehabilitation programs, manpower retraining and relocation, and special programs could enable the disadvantaged young to compete in the labor market.

"Third: Racial discrimination—in jobs, in education, and in living—must be ended:

"Justice and opportunity must become a reality for every American, regardless of race, creed, sex, or national origin. Every effort must be made to diligently carry out the constitutional obligations and statutory requirements of the Civil Rights Act so that there will be equality for every boy and girl and every family in the Nation. In addition to its other insidious effects, discrimination is economically wasteful, costing the Nation about $30 billion a year in terms of gross national product.

"People might be equipped for full participation in our economy and in all aspects of American life because this is the only worthy goal of a free and democratic society. We must not buy our way out of facing the tough problems of providing opportunity by the acceptance of a permanent class of the disinherited, condemned to live on a dole when they want to be a part of society and equipped to move ahead. Jobs are basic to economic security and the first task is to see to it that everyone is given the chance to learn and to earn.

"Fourth: Family planning services must be available, on a voluntary basis, to those with lower incomes and less than a college education as they are to the higher-income, college-educated person in the suburb:

"In the period from 1960 to 1965, low-income women of child-bearing age had an annual fertility rate of 153 births per 1,000 women. The rate for the rest of the female population was 98 births per 1,000. This rate of 98 per 1,000 is consistent with an ultimate family size of about three children—considered to be the size that most Americans, regardless of race, economic status, or desire.

"Thus it is considered likely that the poor would bear children at the same rate if they had access to the same family planning services available to the nonpoor. And, on that basis, it is estimated than in 1966, among 8.2 million low-income women of childbearing age, there were 450,000 birth of what might be called unplanned-for children. Among these 8.2 million women, there were about 1 million receiving family planning services, and 4 million who were not but indicated they would if they were available. To provide family planning services to these 4 million women would cost about $120 million a year. This is an investment we could afford.

"Fifth: Opportunities for education at all levels must be expanded:

"The vitality and economic growth of our society depends, to a major extent, upon the effectiveness of American education. We must assure equal access to high-quality education from preschool through graduate studies. The cost of educating every American must be recognized as an investment in a stronger, more vital Nation. To raise the necessary funds, the property tax must be eliminated as a source of revenue for education, and the Federal government must contribute at least one-third of the total cost.

"Quality preschool opportunities, for instance, are essential for disadvantaged children if they are ever to have the hopes of succeeding in regular classroom studies. Less than one third of the Nation's 12.5 million children age 3–5 are enrolled in nursery schools or kindergartens. The proportion of children from low-income families enrolled is even less than the average.

"The need for modern and effective technical and vocational education is also self-evident. We need a vastly expanded and a strengthened vocational education system, as well as imaginative new ties between school and the world of work in agriculture, commerce, and industry.

"Unless children born into poor families have the opportunity to learn and develop skills, they will not only be poor children but they will face the high probability that they will be poor adults they themselves will raise poor children.

"Sixth: The social security program should be improved:

"A job today not only provides current income but carries its own insurance against the loss of that income. This social insurance device is an institutional invention of first-rate importance. It is based on the idea that since a job underlies economic security, loss of income from the job is a basic cause of economic insecurity.

"Under social insurance, while a worker earns he contributes a small part of his earnings to a fund, usually matched by the employer. And then, out of these funds, benefits are paid to partly make up for the income lost when the worker's earnings have stopped. Under this 'income insurance,' the payments made are usually related to the amount of the earnings lost and are thus designed to maintain in part the level of living obtained by the worker while he worked. Cash payments are made under social insurance programs to make up in part for earnings lost because of retirement in old age, disability, and the death of the family breadwinner.

"In the United States, the largest and most important of the social insurance programs is the Federal system popularly called social security. This program insures against the loss of earnings due to retirement, disability, or death and pays benefits to meet the great bulk of hospital and medical costs in old age.

"This year 90 million people will contribute to social security. Ninety percent of our population aged 65 and over are eligible for monthly social security benefits. More than 95 out of 100 young children and their mothers are eligible for monthly benefits if the family breadwinner should die. And 4 out of 5 people of working age have income protection against loss of earnings because of the long-term severe disability of the breadwinner. When the Federal civil-service system, the railroad retirement program, and State and local government staff retirement systems are taken into account, nearly everyone now has protection under a government program against the risk of loss of earned income. In addition, many are earning further protection under systems that build on social security.

"Social security provides a highly effective institution for income maintenance—one that is acceptable to the public, has a very low administrative cost, and is practically universal in application. But it needs improvement, particularly in the level of benefits.

"Indicative of the need for higher benefit levels is the fact that the *average* social security benefit for retired workers is now about $100 a month; for aged couples it is about $170; for aged widows, $86; and for disabled workers, $112.

Many people get lower amounts, and about 2.8 million beneficiaries get the minimum benefit. The minimum for a worker who goes on the benefit rolls at age 65 or later is only $55 a month.

"In September, 1969, President Nixon recommended important changes in Social Security benefit and contribution structure. His proposal included a 10 percent increase in benefits, and the establishment of an escalator provision which would automatically gear future increases to the cost of living. He asked Congress to make changes in the financial structure, the most important of which is to increase the maximum contribution and benefit base from $7,800 to $9,000 a year by 1972. In addition, he recommended a change in the retirement test by an increase in the amount a beneficiary could earn before a reduction in benefits would take place from $1,680 to $1,800 a year, he also recommended several other changes.

"While the President's proposal does repreesnt a liberalization of the program, it is far from adequate. To bring benefits and contributions up to adequate standards, the following proposal should be adopted:

"1. *An increase in benefit levels.* As a first step, Congress should increase all social security benefits by at least 15 percent this year, and another 15 percent two years later, with an increase in the minimum progressively to $100 a month for the single retired worker or widow and to $150 for the couple.

"2. *A method of keeping the system in line with rising earnings.* Benefits should be paid based on average earnings over a worker's 5 or 10 consecutive years of highest earnings, rather than on his lifetime average, so that the benefits will be more closely related to the earnings actually lost at the time the worker becomes disabled, retires, or dies.

"3. *A way to make the program more effective as the basic system of income security for those who earn somewhat above the average, as well as for average and below-average earners.* The present ceiling on the annual amount of earnings counted under the social security program should be increased from the present $7,800, in stages, to $15,000. Then automatic adjustment of the ceiling should be provided, to keep it in line with future increases in earnings levels.

"4. *Provide protection against the loss of earnings that arises because of relatively short-term total disability.* Disability benefits should be paid beginning with the fourth month of disability without regard to how long the disability is expected to last. Under present law, the benefits begin with those for the seventh month of disability and are payable only where the disability is expected to last for at least a year.

"5. *Improve protection for older workers by liberalizing the definition of disability for workers aged 55 or over.* The revised definition should permit benefits to be paid to a worker aged 55 or over if, because of illness or injury, he can no longer perform work similar to what he has done in the past. Under present law, the definition of disability requires that the worker be unable to engage in any substantial gainful activity.

"6. *Improve work incentives by liberalizing the retirement test provision under which a beneficiary's earnings reduces the benefits he receives.* At the present time an individual can receive his full benefits if his annual earnings are less than $1,680. This amount should be increased to $2,400. The reduction also should be limited to one-half the amount earned above the exempt amount, regardless of the total amount of earnings.

"The increase in the earnings-base ceiling proposed would result in higher income for both the cash benefits and the Medicare parts of social security and would go a long way toward financing the proposed reforms.

"If the cash benefit program were to remain entirely self-financed, the ultimate contribution rate paid by employees and the rate paid by employers for the total social security program would have to be increased somewhat to meet the cost of all the proposals outlined. General revenue financing could be used to meet part of the increased costs.

"Ways to relieve low-wage earners from the burden of the higher rates should be explored. One way would be to amend the income-tax laws so that, for low-income people, a part of the social security contribution would be treated as a credit against their income tax or, if no tax were due, could be refunded.

"These benefit increases and the other program improvements would help *all* workers and their families. Their most important effect would be to reduce the number of poor in the future and to provide a level of living somewhat above poverty for most beneficiaries. But the effect of these changes on today's poor would also be very significant.

"Seventh: Our health services must be improved:

"High-quality health care must be available to all—in the inner city as well as the suburb. We must reduce the high toll of infant mortality: a more effective method must be found for financing prenatal and postnatal care for mothers and children. We should also:

"1. *Provide under Medicare for protection against the heavy cost of prescription drugs.*

"2. *Cover disabled social security beneficiaries under Medicare.*

"3. *Put the entire Medicare program on a social insurance prepayment basis so that medical and hospital insurance both would be financed from social security contributions and a matching contribution from the Federal Government.*

"Eighth: We must improve other social insurance programs.

"Other social insurance programs—unemployment insurance and workmen's compensation—although not administered by the Federal Government, require Federal standards. Coverage of both of these programs should be expanded, and benefit levels in many States should be substantially improved.

"The introduction of Federal benefit standards into unemployment insurance, where there is already a Federal-State relationship, would not be structurally difficult. In workmen's compensation, which has been entirely a State matter, it would be necessary to establish some new device, such as a Federal program providing a given level of protection, which employers would not have to join if they presented evidence of membership in a private or State insurance arrangement with an equivalent level of protection.

"Ninth: Our welfare system must be radically overhauled.

"Drastic changes must be made in the existing welfare system—in the scope of coverage, the adequacy of payments, and in the way in which payments are administered.

"Although work opportunities and improvements in social insurance can bring economic security to the overwhelming majority of people, they cannot do the whole job.

"The Federal-State welfare programs have been confined to certain categories of recipients—the aged, the blind, the permanently and totally disabled, and families with dependent children when a parent is either missing from the home, dead, disabled, or unemployed. In addition, the States have been allowed to define the level of assistance provided in these programs, and many have set the level below any reasonable minimum, and payments vary widely among the States. General assistance for those not eligible under the Federal-State categories is entirely supported by State and local money and with few exceptions is very restrictive.

"There are about 10 million persons receiving assistance payments—about 9 million under the federally aided programs, and about one million persons receiving general assistance not financed with Federal aid. This figure would be approximately double if the States took full advantage of the Federal eligibility standards and removed from State plans and administrative procedures the restrictions that now bar needy people from getting assistance. Moreover, because of the low level of assistance standards in many States a high proportion of those receiving assistance are still below the poverty level.

"But criticism of existing public assistance programs is not confined to inadequate coverage or inadequate amounts. This list of criticisms is long, going to the nature of the program itself and its administration. The determination of eligibility for one is an unnecessarily destructive process, involving the most detailed examination of one's needs and expenditures and frequency prying into the intimate details of one's life. Moving from detailed budgeting to broad categories of allowances and to simplified determinations of income and resources would help to protect the dignity and self respect of the assistance recipient.

"One problem that has haunted assistance and relief programs for years is how to provide adequate assistance without destroying economic incentive for those who can work. Reasonably adequate welfare payments, particularly to a large family, will sometimes turn out to be more than can be earned by a full-time worker with low skills.

"Under aid to families with dependent children the Federal Government assists states to make payments to families with the father unemployed. In the 29 States that do not take advantage of this Federal offer and continue to provide aid only if the father is dead, disabled or absent from the home, the assistance program is correctly criticized on the grounds that it sets up an incentive for the unemployed worker to leave home.

"Support for an assistance program that applies to all in need and that pays an adequate amount has been faced with hard going because of the incredible longevity of myths about those whom the programs are supposed to aid: that the poor live high on welfare handouts and that the poor are lazy and don't want to work.

"The myths persist despite the fact that over 3 million of those on welfare are aged or disabled and over 4 million are children, and despite the fact that 80% of working-age men who are poor but not on welfare have jobs, and about 75% of them are in fulltime jobs.

"President Nixon, in August, 1969, proposed a dramatic reform in the welfare system which included:

"1. A federally financed and administered assistance plan to replace the aid to dependent children program which would pay each working and non-working family in the United States a minimum income. For a family of four without any income the amount paid would be $1,600 a year with $300 additional for each child.

"2. States would be required to supplement existing Federal payments to families with dependent children.

"3. A work-incentive provision which allows the family on assistance to keep first $60 a month earned and also 50 percent above $60 up to a maximum level set according to the size of the family.

"4. A work component which requires all family heads to register with the state employment office and accept suitable jobs.

"5. An expanded day-care program for the children of working mothers and a job-training program to enable the parents to prepare for full-time employment.

"6. Federal minimum payment standards for the 3 million aged, blind, and disabled receiving welfare.

"As in the case of Social Security changes, the proposal includes several needed revisions, but does not go far enough. For example, by maintaining some form of Federal-State cooperation in financing payments, the plan retains the state by state inequities prevalent under the present system. It does not include over one million poor people who do not have families and who are not covered under existing welfare programs.

"Tenth: the services that will help people move out of poverty must be brought to the people—where and when they need them:

"Family planning services, visiting-nurse services, day-care services for the children of working mothers, community action programs and consumer and legal aid must be available where needed. City Hall—and Washington—must be closer to the people they govern. There must be an adequate program of consumer and legal protection for the poor. There must be an end to practices that short-change the poor in the grocery store, in the welfare office, or the landlord, at the neighborhood department store, and in the courts—in short, in all the waystations that add up to life in the ghetto.

"It is important, too, that credit union facilities be available to the poor and that credit unions take even greater responsibility for the consumer education of their members.

"A DEMANDING TASK

"The problems of poverty and economic insecurity in the United States do not lend themselves to easy, magic solutions. They require a combination of deliberate, carefully designed wideranging approaches, for the problems themselves are not simple. Being poor means more than not having enough money. It often means poor in spirit, hope, health, and intellectual resources.

"The abolition of poverty will require money—about $15 to $20 billion a year initially. This is only about 1½ to 2% of our gross national product. We can afford the money. But money must be accompanied by far-reaching, penetrating approaches, by bold and coordinated public and private programs that provide opportunities for the poor. For those who are able to work, greater emphasis must be placed on jobs, education, and training. For those who cannot or should not be expected to work, improvements must be made in the social security program, which, combined with private benefit plans constitute the most effective institutions for income maintenance. They cannot, of course, do the whole job. The present welfare system must be drastically overhauled to adequately serve those whose needs are not met by other programs. Concomitant with improvements in existing programs the search must continue for new and imaginative programs that will meet the demands of the decade ahead.

"Setting the elimination of poverty as a national goal is a huge and complex undertaking. The nation has the economic capacity, the technological capability, and the intellectual resources to accomplish this goal before the end of the next decade. But the most difficult task will be sustaining the determined commitment of the nation to the American promise: Full and equal opportunity for all to share in the good life that can be offered by a dynamic, prosperous, democratic society.

"TABLE 1.—NUMBER OF PERSONS IN UNITED STATES BELOW POVERTY LEVEL, 1968

"[In millions]

"Characteristic	Total	White	Nonwhite
All persons	25.4	17.4	8.0
A. In families	20.7	13.6	7.1
B. Unrelated individuals	4.7	3.8	.9
C. Family members under 18	10.7	6.3	4.4
D. Adults	14.7	11.1	3.6

"Source: Current Population Reports, Series P-23, No. 28, Aug. 12, 1969, U.S. Department of Commerce, Bureau of the Census.

"TABLE 2.—PERCENT OF POPULATION IN UNITED STATES BELOW POVERTY LEVEL, 1968

"Characteristic	Total	White	Nonwhite
All persons	12.8	10.0	33.5
In farm families	18.8	15.9	58.9
In nonfarm families	9.5	7.5	27.1
Family members under 18	15.3	10.7	41.6
Unrelated individuals	34.0	32.2	45.7

"Source: See table 1.

"TABLE 3.—POVERTY LEVELS FOR VARIOUS FAMILY SIZES, 1967

"Size of family	Urban nonfarm male head	Urban nonfarm female head	Urban farm male head
1 member	$1,750	$1,632	$1,476
2 members	2,178	2,110	1,841
3 members	2,674	2,573	2,264
4 members	3,412	3,393	2,907
5 members	4,022	3,984	3,431
6 members	4,517	4,497	3,852
7 or more members	5,562	5,433	4,720

"Source: See table 1."

Mr. QUIE. Let me ask you a question. When you talk about the Congress developing a policy for those three areas, I find the same thing in the administration. We really have no national policy in many of these areas. I have introduced a bill for a Department of Education and Manpower Training to bring those together. What do you think of revising the executive branch so that they can address themselves to the totality of the problems?

Mr. COHEN. I think there are appropriate ways to revise it, but I don't know that any one revision is the sole answer to it. But I do see bringing training, education, and the poverty programs, or at least some of the poverty programs, together in the total configuration.

Mr. QUIE. Do you think a super cabinet position similar to what they did with the Department of Defense for the various branches of the service could bring those together?

Mr. COHEN. Yes, I do. Let me say why my answer to that question is that. During my 8 years in Washington, at least with two Presidents, I feel—and I feel this way now, even with all the problems that President Nixon has, I think that expanding the number of Cabinet officers is not wise. I think the President has too many people reporting to him. I think President Nixon probably has fewer people reporting to him than, let's say, President Roosevelt had, and I think that is good.

But when I see these bills in Congress to create a new cabinet department for every single new thing, whether it is consumer interests, which I happen to think is important, whether it is science, which I happen to think is important, then I start thinking about the President. I don't think the President can have more Cabinet officers reporting to him. He really needs fewer Cabinet officers. He needs some mechanism, and I don't have the answer to that, in the way he deals with major matters of policy, without this fractionated departmental organization.

One reason I favor taking the Post Office out of the Cabinet is that the President really shouldn't have to deal with most of the problems that are in the Post Office. Those are managerial problems. Of course, voters want to get their mail on time, and I know that is a problem to you. But my answer to your question is based on this: Don't proliferate departments so much, even if it sounds good, that really overtax the President's ability to allocate time to what is a major priority to the President.

Mr. QUIE. The result of my recommendation could be a consolidation. President Johnson tried to put Commerce and Labor together. I think that would be more feasible if we put manpower and education together.

When President Nixon first came into office and they spoke of the super-Cabinet positions——

Mr. COHEN. President Nixon has a committee—is it the ASH Committee—that has been working on this.

I discussed with the staff some of my ideas on the point that you mentioned, including this kind of a super-Cabinet, Defense Department approach, with three hybrids, having a Secretary of Health, a Secretary of Training, and a Secretary of Welfare, say under a Secretary of Health, Education, and Welfare. That is one possibility, and I think it has merit at this time. I think there are other alternatives that have merit, too. But I would hope that when the ASH Committee, which I understand has either already reported to the President or will, that you would have a chance to take that up. I think it is important.

If you can get some better way to interrelate these programs, it would be fine.

That comes to my final recommendation.

I have been exploring with a number of people throughout the country, including some businessmen and some academic people the possibility of creating a corporation which would be a combination of the public and private sector that would run the Employment Service, vocational education and the Manpower Development and Training Act.

Let's look at this matter now, in a sort of a different way. What are you faced with in the manpower program? You want eventually for the man to get a job in private enterprise.

You want to train him, you want him to get some experience, you want to get a personnel profile that will enable that person to get, by and large, in private enterprise at an economic level that is supported by the productivity of what he or she does.

The more you think about it in that sense, the more you have to think about some new kind of cooperation between the public sector and the private sector.

I think what has been done in the past few years by the National Association of Businessmen, their jobs program, has a lot of merit. But what is happening is that you have got two separate wings. You have the public sector and the private sector, and when I think about my suggestion, Mr. O'Hara's suggestion, and others, about public service employment, then my mind gravitates to the point: Couldn't we have Congress create a corporation that, let's say, had six or five board members, two from the public sector, two from the private sector, maybe a chairman designated by the President. Give this corporation an opportunity to be outside the civil service, so they have more flexibility on employment, so they actually could employ people in their name. They would be covered by social security, by unemployment insurance, by workmen's compensation.

If, after a period of training, these people were not really earning the minimum wage, there would be a supplement or a subsidy from the Federal Government to the corporation to make it up to them.

They would be earning the minimum wage, and when they reached the point of productivity, you would pay them that minimum wage partly from the corporation and partly from the public subsidy.

I think the more I approach the bills pending before this committee and these various considerations, the more I think you ought to try to see if there isn't some new way to enlist the private and public sectors together in this corporate enterprise.

I would even be willing to go so far in exploring whether you shouldn't give them the authority to issue bonds guaranteed in interest and principal by the Federal Government up to a certain limit, which they could use to finance employment projects that would not otherwise employ people, and with some subsidy from the Federal Government and some cooperation from business. Maybe many of these people could be trained, and you have to build the on-the-job training program somehow in there. And I think the on-the-job training program, as far as it has developed, has been good. But it is too little and too late. And I just leave you with the thought that, as I look over your bills, I think that we are not going to be eminently successful unless we try out some radically new relationships that we haven't fully explored.

That concludes my comments, Mr. Chairman.

Mr. MEEDS. Thank you very much, Mr. Cohen. I am not going to ask any questions, because you have touched on almost all of the things which I consider to be of importance.

Mr. QUIE. Thanks for coming. I appreciate your testimony.

Mr. COHEN. Thank you.

Mr. MEEDS. If there is a lesson to be learned from your testimony, it is clearly that all these things about which you have spoken are very interrelated, and the success of any kind of manpower program is dependent upon a lot more factors than just pushing a button and suggesting that that will solve it. It is dependent upon the welfare programs of the Nation, upon education, upon job placement, upon vocational education, preschool education—all the things that you have mentioned.

Clearly, your testimony, I think without question, is the kind of testimony that points up to us the diversity of any manpower program.

As always, Wilbur, it is a pleasure to have you testify. I just wish we had about 3 more hours to listen to you further.

Mr. COHEN. Thank you, Mr. Chairman.

Mr. MEEDS. The committee is adjourned.

(Whereupon, at 12:03 p.m., the committee was adjourned, to reconvene March 17, 1970.)

MANPOWER ACT OF 1969

TUESDAY, MARCH 17, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to recess, in room 2175 Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Burton, Hawkins, and Scherle.

Also present: Representative Carl Perkins, chairman of the full committee.

Staff members present: Daniel H. Krivit, counsel; Sue Nelson, research assistant; Cathy Romano, research assistant; Charles Radcliffe, minority counsel for education.

Mr. Daniels. The Select Subcommittee on Labor will come to order. We continue with hearings on H.R. 10908, H.R. 11620 and H.R. 13472 dealing with Manpower Act.

Our first witness this morning is Mr. Andrew J. Biemiller, director of Department of Legislation of AFL-CIO.

We extend to you, Mr. Biemiller, a most cordial welcome.

STATEMENT OF ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF LABOR & CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. Biemiller. Thank you, Mr. Chairman.

Mr. Daniels. You may proceed in any manner you desire. I know you have a statement.

Mr. Biemiller. It is reasonably short, and I think we will go with it. Thank you, Mr. Chairman.

I am accompanied by Mr. Goldfinger, Department of Research, AFL-CIO.

At the outset, let me make it clear that we in the AFL-CIO believe that the problem with which this committee is wrestling ranks with the major domestic issues that will come before this Congress.

In essence, that problem is jobs—good jobs, at decent wage levels, for every American able to work—in order to achieve full employment in America.

That's how we view manpower legislation, and we quite frankly say to you: Manpower legislation that does not include job creation is not manpower legislation at all. It serves no other purpose than to delude the public.

So we are here to urge you to enact manpower legislation that does create jobs, without any further delay. If you will pardon the cliche, the hour is already late.

This goal is best met by H.R. 11620, otherwise known as the O'Hara bill, which is cosponsored by 111 Congressmen. We urge adoption of this bill.

A Federal program to create public-service jobs for the long-term unemployed and seriously underemployed was needed in 1968 and 1969. It is even more essential today.

This Nation is now faced by both an economic slump and rapidly rising prices, after more than a year of the administration's policy of severe economic restraint, imposed in the name of combating inflation.

Residential construction is now in a deepening recession, which started in February 1969. Industrial production is in a declining trend since last August. Sales of autos and other consumer hard goods are moving down. Layoffs and cutbacks in working hours are spreading in numerous industries. Unemployment is increasing. Industry is operating at less than 82 percent of productive capacity new plants and equipment are being installed at a rapid pace, while industrial production is declining and the operating rate is continuing to head down. But the rise in consumer prices accelerated from 4.2 percent in 1969 to 5.4 percent in 1969, as a whole, and a yearly rate of approximately 7.2 percent in the past 3 months.

The aggregate squeeze on the economy tightened during the course of 1969. The Nation's money supply hardly increased at all in the past 9 months; interest rates skyrocketed to peaks never before reached in the memory of living Americans; Federal construction projects were cut.

The real volume of total national production declined slightly in the fourth quarter of 1969 and the President's Council of Economic Advisers forecasts little, if any, rise of real national output in the first half of 1970, with merely a small improvement in the second half and a modestly slower rise in the price level.

However, the spread of downward trends in many parts of the economy indicates that even this rather pessimistic statement of the administration's official forecast may be overly optimistic. Declining sales in the coming weeks may set off further cutbacks of production, if business decides to reduce inventories rapidly.

Increasing slack, with cuts in working hours and workers' weekly earnings, layoffs and a lack of sufficient job opportunities for a growing labor force are the inevitable results of the administration's economic squeeze.

In January, unemployment soared from 2.8 million at 3.5 percent of the labor force to 3.2 million at 3.9 percent—the largest month-to-month increase in 9 months—and the factory workweek dropped to its lowest level in 2 years.

In February, the number of jobless shot up again—to 4.2 percent of the labor force, or 3.4 million unemployed—and the factory workweek declined again.

Already, unemployment is within a hair's breadth of the 4.3 percent unemployment rate which the chairman of the Council of Economic Advisers projected for the entire year, 1970, and unemployment is continuing to rise.

Much of the weight of this burden of rising unemployment will fall on blue collar workers, particularly those with the least work experience, the least skill and education, the most recently hired—and this especially includes Negroes, members of other minorities and young people. Government and private programs to encourage employment of the hard-core jobless, especially minority-group workers, are being undermined and threatened with destruction.

That's the dimension of the problem. Now how do we solve it? In our opinion, an effective manpower policy must include:

1. Massive job creation based largely on a public service employment program.
2. Consolidation and coordination of the varied manpower programs under the Department of Labor with overall responsibility for the direction and development of programs vested in the Secretary of Labor.
3. Training programs that emphasize upgrading rather than simply preparing the hard core for entry-level jobs.

By these standards the administration manpower bill is no policy at all. Simply put, it is merely a mechanism for consolidating and coordinating varied manpower programs. It is a housekeeping device solely to produce a measure of administrative order.

Everyone agrees with the need for coordination of manpower programs. However, coordination is a mechanism, not a policy. In our view, the need for an effective manpower policy is the top priority need.

Of the bills before you, only the O'Hara bill provides subsidized public service employment as an essential component. We completely support this concept. It is the most practical and realistic way to create jobs in large numbers for the long-term unemployed and seriously underemployed.

We are shocked by the Secretary of Labor's statement that the administration has no "intent to create jobs in the public sector, especially for the hard-core unemployed." We cannot agree with the Secretary of Labor's view that the basic responsibility of Government is to "commit itself to preparing people to fill those jobs" that will presumably materialize out of thin air in the private sector of the economy that has no major expansionistic opportunities because of the current economic slowdown policies being pursued by the administration.

While no one would deny the importance of training in helping the disadvantaged to adjust to society, training in and of itself is not enough. It would compound the problem to give training and hope to the disadvantaged and then throw them back into the forass from which they came. We must not make this mistake.

Basic to solving the problems of poverty in America's work-oriented society, is a national economy that is growing rapidly enough to provide job opportunities for all persons who are able to work and seeking employment. Under such conditions—linked with an expanded manpower training program—the vast majority of workers will be employed in the normal channels of private and public employment.

For those who remain unemployed or seriously underemployed, a federally financed public-service employment program is the only logical answer. The Government should be the employer of last resort.

Such a program would create jobs and it would provide badly needed public services in hospitals, schools, parks, recreation centers and other public and private nonprofit facilities. Linked with training and guidance, such a program would make it possible for these workers to move into regular employment.

Private employers, no matter how lofty their goals and how hard they work to achieve them, cannot realistically do more than make a dent in the ranks of the hard-core unemployed.

Private enterprise is profitmaking enterprise. It would be naive to assume that business will hire, much less train, the disadvantaged at the expense of its profit structure. To the extent that private enterprise can hire and train the disadvantaged within the framework of its profit structure, it can make and has been making a contribution that is worthwhile. Such efforts should be applauded and encouraged, but their limitations should be recognized.

In the 2 years that Job Opportunities in the Business Sector (JOBS) has been operating, hard-core unemployed hired by business totaled 380,000. While this is a significant number, it hardly takes care of the millions in need. It should be noted, too, that the retention rate was 53 percent. Since November, reflecting the economic slowdown, terminations have risen, according to Paul Kayser, former NAB president.

In periods of economic downturn, hiring of hard-core jobless by private employers comes to a practical standstill, despite the best intentions of employers.

Two weeks ago Chrysler withdrew from its Government manpower contract to train 4,450 hard-core unemployed. This followed a series of layoffs, including 1,100 trained in the JOBS program. Chrysler's withdrawal occurred about the same time Lynn Townsend, chairman of Chrysler, became chairman of NAB and Byron Nichols, a Chrysler vice president, became president of NAB.

Massive job creation must derive mainly from the public sector.

The people are available; the potential jobs are there, and the public need for these kinds of services has been established.

The Tripartite National Commission on Technology, Automation and Economic Progress, 1966, reported a potential of 5.3 million jobs in the public sector in such areas as medical and health services, education, day care, libraries, recreation, prisons, et cetera.

More recently Harold Sheppard of the Upjohn Institute, in a survey covering 130 cities, each with a population exceeding 100,000 and limited to only certain existing functions of the city, found the need for 280,000 jobs, of which more than half were of a nonprofessional and nontechnical category. As the author points out, however, the study sharply understates the total number of job vacancies due in part to the inclusion of only certain municipal functions and to the fact that the urban areas surveyed encompassed only one-third of the U.S. population.

We support the O'Hara bill in its proposal that the Federal Government subsidize jobs in the public service. Some people may say that we cannot afford the cost. We say that we cannot afford not to embark on this kind of a program.

President George Meany, in testimony before this subcommittee on May 7, 1968, commented on this concept in these words:

> Let me deal for a moment with the reaction of those who talk only about the cost.
>
> They are the ones who never discuss how costly it is to do nothing. They are the ones who fail to realize that a jobless man is a liability to this nation while an employed man is an asset. There is an ever greater cost—the decay of this nation's moral fibre.

We are under no illusions as to cost. It will not be cheap. But it will be a capital investment in the people and institutions of this country. Whatever the dollar costs may be, they will at least be partly offset by the savings in welfare costs and the economic benefits generated by the employment of otherwise idle people and the expansion of public services for urban and rural areas.

Manpower legislation that does not provide for job creation in the public sector, in addition to programs in the private sector, dangles false hopes before the eyes of the disadvantaged.

The emphasis in the administration bill is on a mechanism for improving delivery of manpower services and nothing else.

But even as a mechanism, the administration bill misses the mark. As part of the so-called New Federalism it would decentralize manpower activities and vest responsibility for development and administration of manpower programs in the hands of each of the 50 States. The implications of manpower programs are national in scope. This is too important an area to allow it to be fragmented into 50 different parts, each going its own way and dispensing Federal funds in a manner that may or may not be in line with national goals.

This is a national, interdependent economy. Americans are a mobile people, not hemmed in by geographic limitations. Employers operate across State and local lines. Labor markets, as well as product markets, cross State lines.

The top 200 corporations control about two-thirds of all assets held by corporations engaged primarily in manufacturing, as documented in the "Economic Report on Corporate Mergers" prepared for the Federal Trade Commission. They all operate across State lines.

As part of the administration's mechanism, to decentralize manpower activities, the State employment services would act as the key agency in the delivery of manpower services.

In general, State employment services in the past have demonstrated neither the machinery nor the compassion to appropriately administer programs dealing with the disadvantaged. By and large, State employment services are simply not oriented to handling the problems of the disadvantaged. They are employer-oriented. They are geared to finding an applicant for a job, rather than a job for an applicant. So the State employment services are just not geared to taking care of the hard-core unemployed, the drop-outs, the disillusioned youth, the aged, the seriously underemployed, the minorities. We question whether this employer-oriented agency has the patience and the expertise to deal with this group. To make the State employment services the focal point of manpower administration, as the administration bill would do, would be a genuine disservice to Americans.

Not everyone needs training. For large numbers of the unemployed—probably the majority—the primary need is for jobs. Experience during World War II demonstrated the facility of absorbing persons into the productive processes. Millions of previously unemployed manned the factories and shipyards to contribute to one of the most remarkable production achievements of all time. Much of the training was on the job.

But for the disadvantaged, training is an important and necessary component of manpower programs. Despite the speed and inexperience with which the manpower training programs of the 1960's were put together, they have given meaning and substance to the lives of hundreds of thousands of disadvantaged persons.

We strongly urge the continuance and the expansion of training programs for the unemployed, the hard-to-employ and the underemployed. We see merit in both on-the-job training and institutional training or a combination of both.

In addition, the "hard-core" need personal guidance and supportive services.

However, we would like to register a few caveats with respect to training programs. They should not be used to subsidize wages. They should not be used for low-wage, low-level jobs that require little or no training whatsoever. They should not be an end in themselves but rather the road to worthwhile remunerative employment.

Of paramount importance are those training programs directed toward upgrading people into higher level jobs. A person should have an opportunity not only for a job but for a good job—one that will utilize a person's skills at their highest level. Our view was summed up by AFL-CIO secretary-treasurer Lane Kirkland in an address to the National Alliance of Businessmen on March 7, 1970, when he said:

> We want hard-core trainees to have a crack at better jobs through upgrading. We do not believe it is enough to just bring a worker in off the street, give him an entry-level job and keep him there. We have to demonstrate to him that he can move up the job and income ladder. For the success of any of our programs, in the final analysis, will be determined by the way in which we move people from entry-level jobs into much more secure positions within the company or enterprise.

Of the bills before you, only the O'Hara bill emphasizes the importance of upgrading.

Statistical averages camouflage the real unemployment story. In 1968, 11.3 million people were unemployed at one time or another, according to the Labor Department's most recent report. Of this total, 2.4 million were unemployed for 15 weeks or more during the course of the year. It is reasonable to suppose that for the year 1969, when average unemployment was about the same as in 1968, somewhere between 11 and 11.5 million people were unemployed at one time or another during the year.

And even the reported unemployment figure understates the problem. The reported figure fails to count the number of people who withdraw from the labor market because of frustration in finding a job. The number of "discouraged workers" can now be identified. According to the Labor Department, discouraged workers averaged about 700,000 in 1967 and 1968, and 600,000 in 1969.

The reported figure also fails to count the tens of thousands of poor and transient persons—who did not appear in the 1960 census, which is the basis of the Labor Department's labor force survey. As we all know by now, the 1960 census was badly undercounted, so there is an undercount of unemployed.

Some would estimate the total undercount in these categories as high as 3 million or more. Since these categories overlap, the AFL–CIO research department estimated about 1.5 million should be added to the reported number of unemployed. In addition, another 1.8 million people were reported as working part time in 1969 because full-time work was not available.

In terms of people rather than statistical averages, it means that there were about 3 million to 4 million long-term unemployed in 1969. With the addition of the seriously underemployed, there were approximately 3 million to 5 million workers who suffered. Many of these could have been helped to move into the mainstream of American society only through a government subsidized program of job creation.

Nor does the incidence of employment fall equally on all segments of society. In 1969 unemployment was concentrated among blue-collar workers, blacks and youths.

In poverty neighborhoods, the unemployment rate in 1969 was 5.5 percent compared to 3.1 percent in other urban neighborhoods. Teenagers had a high national average unemployment rate of 13.8 percent, but in poverty neighborhoods the unemployment rate for teenagers was 19.9 percent. The unemployment rate for Negro teenagers was 27.9 percent compared to 13.8 percent for whites.

It is not true, of course, that the poor are largely Negroes and other minority groups. In 1968 there were 1.4 million Negro families and 3.6 million white families below the Government-defined poverty level. But the impact was more widespread among Negro families. They accounted for almost three out of 10 poor families, but only one out of 10 of the population.

Nor is it true that the poor are concentrated in the cities. Of the 5 million families below that poverty level, slightly less than half lived in the cities and their suburbs and slightly more than half in farm and nonfarm rural areas. In contrast, only one-third of the total population lived in nonmetropolitan areas.

One of the attractions of the O'Hara bill is that it does not diffuse responsibility. It points a finger at the Secretary of Labor and says, "You're it." There is no hiding behind skirts; there is no shrugging of shoulders on the part of local officials in ascribing the fault to the States and the States ascribing the fault to the Federal Government, and the Federal Government ascribing the fault to State and local officials. If things go wrong, the Secretary of Labor is responsible and he should shoulder the blame.

In summary, Mr. Chairman, we cannot emphasize too strongly the need for action now. The kind of legislation we envision would be a major instrument for tackling the poverty problem; a major instrument for easing civil rights tensions; a major instrument for resolving the problems of cities; a major instrument in the fight against crime and a major instrument in bettering the social and economic life of this country.

The AFL–CIO is aware that there is no simplistic solution to the varied and complex manpower problems. We are convinced, however, that the administration's approach does not begin to cope with the massive complexities of the manpower situation. As a result, the AFL–CIO supports H.R. 11620, sponsored by Congressman O'Hara and 111 other Members.

Thank you.

Mr. DANIELS. Mr. Biemiller, on behalf of the committee, I want to thank you for a very fine statement and for your analysis of the problems that face this great country of ours in the economic sector.

I have been unable to understand the philosophy in the days in which we live whereby we promote a system of unemployment and at the same time advocate a policy of manpower training to train people for jobs, especially the unskilled and underemployed, and then turn them out and have no jobs for them. It seems we are following a policy that is inconsistent. Do you agree with that?

Mr. BIEMILLER. I can't think of anything more disillusioning than being trained for a job and then finding at the end of the training period there is no job whatsoever.

Mr. DANIELS. One of the bills before us, the administration bill, advocates that we decentralize these various manpower programs and vest the power in the States, as you have made reference to in your statement, and having the States approve these programs. You have been very critical of that.

Particularly, what is wrong with that system?

Mr. BIEMILLER. I will refer that to Mr. Goldfinger.

Mr. GOLDFINGER. Sir, as we say in Mr. Biemiller's statement, this is an interdependent economy. It is a national economy, and we believe there should be national programs across the country with responsibility directly vested in the Secretary of Labor, rather than diffusion of responsibility all over the place, with the probability, as we see it, that we would not only get diffusion, we would get a scattering of different kinds of programs, some of which may not fit the needs of the time.

For example, in terms of the problems of minority workers, in some States, if the State authorities are completely in charge, their needs may well be overlooked.

Mr. DANIELS. Your statement places great stress upon public service employment. I was wondering if you could give this committee some idea of how such a program would be financed; who it would involve; if it would involve our youths and, if so, when, what age brackets, and any other details of the program that you recommend?

Mr. GOLDFINGER. As we envision this kind of program, there should be Federal Government appropriations made available to Federal, State or local government agencies or private nonprofit institutions for the creation of jobs that are urgently needed in places like parks, recreation centers, health services, prisons, and so forth, where these public services are not now being carried out because of a lack of funds.

Furthermore, such jobs should be of relatively low-level skills and, as Mr. Biemiller's statement indicates, Dr. Harold Sheppard of the Upjohn Institute, in terms of one small investigation of this area, reveals a large number of such job vacancies in the major cities and metropolitan areas of the country.

It is our judgment that such a program of Federal funds for Federal, State, local government agencies and private nonprofit institutions could begin to employ several hundred thousand in the first year of operations in urgently needed public services, while at the same time providing job opportunities and incomes to the hard-core unemployed and seriously underemployed.

Mr. Daniels. Under the program that you recommend of public service job employment, what do you envision such a program would cost? Mr. Biemiller, in the course of his statement said it would be costly. Have you any idea what the cost and more specifically what the formula would be with respect to granting aid either to States or local communities which would become involved in such a program?

Mr. Goldfinger. As we envision this program, these should be full grants of Federal funds to those agencies that I described before, to employ the hard-core unemployed and seriously underemployed. As for the cost, we think that it would be sensible and urgently needed at this point to start off with a fair-sized program, perhaps with an appropriation of $5 billion in the first year and perhaps building up after that, if necessary. But not to start off with some kind of token amount of a thousand jobs in one State and 2,000 jobs in another.

The needs are urgent, both the needs in the cities and States and private nonprofit institutions for the public services and the needs of the hard-core unemployed and seriously underemployed. As we look at this, we think that this program should start off, at least in the first year, with provision for several hundred thousand jobs, building up after that in terms of the actual needs.

Mr. Daniels. Should it not be the philosophy of any manpower program that any man who desires a job, and desires to work, should have the opportunity to do so and at a respectable and decent wage?

Mr. Goldfinger. We absolutely agree with you, Congressman. That is our vision of this program precisely.

Mr. Daniels. How is such a philosophy consistent with a program which encourages increase in unemployment, such as the policy that the administration is pursuing today?

Mr. Goldfinger. We don't understand the administration's economic policies at all. We think they are dangerous. They are wrong in economic terms, and in social terms they are a disaster. The vital needs of this country, as demonstrated during the course of the past number of years, are the needs to bring those many hundreds of thousands of people who are now at the periphery of our society, to bring them into the mainstream. And the major meaningful way in a work-oriented culture, such as ours, to bring them into the mainstream of the society is through the provision of job opportunities and incomes, based on job opportunities.

I would add that the kind of program that we are discussing here is a genuine form of revenue sharing for a specific purpose and for a purpose of great social importance, in which the Federal Government would be sharing Federal revenue with the States, cities, counties, and private nonprofit institutions for the creation of urgently needed jobs for the hard-core unemployed and seriously unemployed.

Mr. Daniels. I have one further question. On March 3 of this year, Mr. Stanley H. Ruttenberg, former Assistant Secretary of Labor for Manpower, testified before this committee to this effect: "In trying to take a middle road, the administration bill has become too complicated to work."

Do you agree with that statement?

Mr. Goldfinger. Yes, we certainly do and we are always glad to agree with our friend and former colleague, Stanley Ruttenberg.

Mr. Daniels. Can you give us any specific examples of why the administration bill will not work?

Mr. Goldfinger. For example, turning the operation of these programs over to the States, the 50-odd States and District of Columbia employment services, in our opinion, assures the unworkability of this program. The State employment services, by and large, in most of the States of this country, are not equipped to operate this kind of program. And this is the unfortunate truth which we of the AFL-CIO have discussed before this committee many, many times in the past, and we repeat it again.

Despite improvements that have been made in the past number of years in the public employment service, the State employment services today are not equipped, in almost every State in this country, they are not equipped to handle the serious economic, social, and employment problems of the hard-core unemployed and seriously underemployed—disillusioned youth, minorities, the people who are now out at the periphery of our society. And for those reasons, in our opinion, this administration bill is simply unworkable.

Mr. Daniels. Thank you very much.

I would like to call upon my distinguished colleague from Michigan, Mr. O'Hara. Do you have any questions?

Mr. O'Hara. Thank you, Mr. Chairman.

First, I think it ought to be noted that the chairman of the subcommittee is one Member of Congress who has been very alert to and sympathetic toward the problems of the manpower program and policy, and he is one of the cosponsors of the bill of which I am also a sponsor.

Mr. Biemiller, when you had finished your statement, I couldn't help thinking to myself, "I wish I had said that"; because I think it was an eloquent and comprehensive statement of the reasons why we need an enactment of a comprehensive manpower program and policy of the type provided for in the Manpower Act.

I think you have done an excellent job. I don't want to spoil it by trying to add anything to it. I would like to say that I hope, however, that as you go about the country you take along a copy of your remarks and whenever you are asked to speak, you just pull them out. I think it will be a very fine idea.

Mr. Biemiller. I can assure you, Congressman, that this general approach is being used by not only myself but other AFL-CIO spokesmen around the country. Last weekend I was at a conference of labor leaders from Wisconsin, Illinois, and Michigan. The people from your State, who were present, are particularly pessimistic about the unemployment situation. They tell me that you have now reached almost a 7-percent overall level and that the unemployment compensation bureau in Michigan has had to add 700 people to process the claims for unemployment insurance that are now being made in that State.

I think that is one of the most revealing statistics that I have run into in a long time. What it means in terms of human suffering appalls me.

Mr. O'Hara. I would like to say to the witness that is absolutely correct. Unemployment last month in Detroit metropolitan area reached a level of 6.1 percent, and in the State as a whole, 6.7 percent, approaching the figures last approached the last time Richard Nixon held high public office. And among those unemployed, I might point out—and the witness well knows—among them are some highly skilled manufacturing employees. A large number of tool and die workers and patternmakers are unemployed. They don't need training. They need a chance for a decent job.

I think the statement that you have made on behalf of AFL–CIO will help us move toward that goal.

Thank you very much.

Mr. DANIELS. I neglected to state that Mr. O'Hara has worked in this particular field for a long, long time and in fact he has more or less made a specialty of manpower legislation. I want to compliment him for his leadership.

We are honored this morning by the presence of the distinguished chairman of the full committee, Hon. Carl Perkins.

Mr. PERKINS. Mr. Chairman, it is a pleasure for me to attend this hearing. I intend to be present for all of the distinguished witnesses testimony, but I was unavoidably detained, I have had the opportunity to glance through your testimony, Mr. Biemiller, and listen to Mr. Goldfinger. As usual, you have made an outstanding contribution to this hearing. I cannot think of a subject matter deserving of a higher priority than manpower training programs and, as you state, the need for better coordination. The rising unemployment rate points up this need.

I want to compliment the distinguished subcommittee chairman and Mr. O'Hara for thoroughly exploring this situation. In the eastern Kentucky district which I represent I see a great need for public service work. When you see polluted streams and untidy roadside parks and work crying to be done; on the other hand you see youngsters and oldsters needing work, it points up the need for a more coordinated manpower program. If the President's welfare package is enacted into law, all of the people are going to become more conscious than ever before of the need for public service employment to complement the best manpower program possible.

I feel, like you, that until we provide public service employment that we have really not tapped the area that should be tapped by the Federal Government. Your suggestions are sound. Others may have different views. We have a great problem here and I know of no organization that has made greater contributions to help us solve this problem than yours.

I am sure that the entire committee will give serious consideration to the statement you have made today. I thank you for your appearance.

Mr. BIEMILLER. Thank you, Mr. Chairman.

Mr. DANIELS. I would now like to recognize my colleague from the State of Iowa, Mr. Scherle. Do you have any questions?

Mr. SCHERLE. No, Mr. Chairman.

However, I would like to make a statement concerning the subject that my chairman touched on, Mr. Perkins. While I don't necessarily agree with the entire aspect of Mr. Nixon's welfare proposal, I do feel that the reason why we are here this morning and do have a bill before us on manpower is simply that in the past administrations have not utilized the compact programs which are so divergent and so haphazard and so extravagant that nobody knows really what we have or where they are located or who has authority.

I think for the first time in many, many years this administration has the information and the foresight to try to bring all of these various programs that are needed then so desperately and so badly under one roof and make some good common-sense out of them.

I think this is a sensible approach, a good approach and I think it is one that the people who are in dire need of this attention will probably receive it for the first time and perhaps in the past, the last 8 years.

Thank you, Mr. Chairman.

Mr. DANIELS. I recognize the gentleman from California, Mr. Hawkins. Do you have any questions?

Mr. HAWKINS. Mr. Chairman, I would like to echo what the chairman of our committee, Mr. Perkins, has said about the statement.

I think it is an excellent statement, the very best on the subject that we have had. I was a little disturbed by chairman Perkins however, when he said he had lunch at 9:30 this morning. I think he is really on the job.

Mr. Biemiller, there is one subject that keeps coming up not directly in terms of the statement but in terms of some of the proposals of this administration, that collective bargaining agreements in some way constitute a dowry for the employment of the disadvantaged, particularly disadvantaged minorities.

They seem to imply that whatever we may say about manpower training programs, the unions in some way have controlled these programs and present the main stumbling block and that therefore the employer or those instances in which we do have federal contractors should therefore be given the main responsibility of controlling the manpower programs.

Would you care to elaborate a little bit on that idea and to give us your answer to that?

Mr. GOLDFINGER. To start off with, Congressman, there are only a small number of the collective bargaining agreements, covering a small percentage of trade union members, which are involved in what is called referral employment situations, in which the union has anything at all to do with hiring the worker.

In the usual situation, in American industry, the employer does the hiring, not the union. So the problem that you are speaking of refers to that small section of the American economy and of the American labor force, in which the union does have an important function in the hiring process, such as in construction and the printing trades.

We are well aware of the problem that you pose and there have been problems of discriminatory practices which fortunately are well on their way out.

AFL-CIO policy is being enforced, not only through the Civil Rights Department of the AFL-CIO but through the various activities of the international and national unions themselves. For example the AFL-CIO Civil Rights Department—in conjunction with the Workers Defense League, Urban League, and the U.S. Department of Labor—in over 50 cities now has outreach programs in the building trades, in which they attempt to encourage and bring in minority group youngsters for special training and encouragement to pass the apprenticeship tests to move in to the building trades.

Furthermore, in the city of Chicago, only a few weeks ago, the local building trades council, in conjunction with local community minority group organizations and the city authorities, agreed to a program that goes beyond the outreach program of attempting to bring youngsters into the apprenticeship programs. It also has specific measures for upgrading semi-skilled and somewhat skilled people, who may not be members of the unions, into fully qualified, union journeymen categories.

There are all kinds of activities going on, right now, on the part of trade unions in various parts of the country to meet the kinds of problems that you pose—problems that exist in those sections of the American economy such as the printing trades and construction where the unions have referral rights.

Mr. Hawkins. Would you make an estimate of the percentage that would be covered by these systems where referral systems are controlled? What percentage of the total labor force would be covered? Any specific idea?

Mr. Goldfinger. You mean of the total labor force?

Mr. Hawkins. Of the total labor force, what percentage would be covered let's say by referral systems controlled by unions?

Mr. Goldfinger. Offhand I would guess it is somewhere in the area of maybe 7 or 8 percent. It may be a bit less.

Mr. Hawkins. That is largely in building construction?

Mr. Goldfinger. And maritime and printing trades.

Mr. Hawkins. The only other question I have is, you have indicated that the administration proposal attempts to decentralize manpower programs. Is it not also true that in decentralizing them to the States they provide for follow through so that actually you end up with major cities for the most part being the prime sponsors and therefore running the programs rather than States?

Mr. Goldfinger. As we read the administration bill, sir, we don't see any assurance of that. We don't see any assurance of the major cities and metropolitan areas getting the funds. The prime sponsors would be located there, but we see no definite federal standards, we see no assurance that these things would be carried through all the way up and down the line.

That is why we are disturbed by this utterly decentralized approach.

Mr. Hawkins. Then it is your conclusion that the cities will not receive the program as has been implied that they will be able to submit to the State and be assured of operating the programs in their particular areas?

Mr. Goldfinger. We are afraid that, in many cases, those cities and metropolitan areas could be bypassed or partly bypassed, that their needs would not be met or that their urgent needs may be only partly met.

Mr. Hawkins. That is all, Mr. Chairman.

Mr. Daniels. Thank you.

I would like to recognize my colleague from the State of California, Mr. Burton.

Do you have any questions?

Mr. BURTON. Initially I would like to observe that this is a first-rate statement of the problem. I think it clearly pinpoints the strength of the O'Hara and companion bills and weakness of the administration approach. There is one sentence here that I would like to have developed a little bit more, about your fourth paragraph, talking about the number of discouraged workers.

Would you explain first how in the normal course of events the rate of unemployment is computed, and secondly, what mechanism has been developed to determine this addendum of so-called discouraged workers?

Mr. GOLDFINGER. Congressman, the Labor Department runs a survey each month, based on a questionnaire in which the person is asked whether he is employed or unemployed, and if he is unemployed, whether he has been actively seeking work within the past month.

On the basis of that kind of questionnaire, a person who has been unemployed for some weeks may have become discouraged and stopped seeking work, perhaps forever or perhaps for a period of time on the basis of his own feeling that there are no job opportunities, for him, that he searched through the job market, and could not find anything.

When a person stops actively seeking work, he is no longer part of the employment, unemployment, or labor force figures of the United States Government, and in a sense he becomes a kind of statistical pariah. Statistically, he is not part of the labor force whatsoever.

We in the AFL-CIO have criticized this procedure for well over 10 years now and we have pressed the Labor Department to make some estimates of the numbers of people involved in this type of undercount. We consider this to be very important, not only in economic terms but particularly in terms of social problems among those discouraged people who drop out of the labor force, who stop actively seeking work. Those social problems are great and they become society's problems.

Recently the Labor Department made special surveys in an attempt to find out how many people there are in that category and they came up with those estimates that are reported in Mr. Biemiller's statement. Somewhere about 700,000 of such discouraged people had dropped out of the labor force, had stopped actively seeking work, in 1967 and 1968, and about 600,000 in 1969.

Mr. BURTON. What is the size of the survey sample?

Mr. GOLDFINGER. I have forgotten, I think it is about 35,000.

Mr. BURTON. How did they determine those that will be surveyed?

Mr. GOLDFINGER. That determination, made on the basis of the benchmark, is the 1960 census. The survey is based on the composition of the American population and labor force as of the 1960 census in terms of race, color, location, that is, metropolitan areas against the rural, and by State and by region.

Mr. BURTON. How are the individuals selected?

Mr. GOLDFINGER. Offhand I can't answer that specific part as to how.

Mr. BURTON. Are the surveys mailed or are they face to face surveys?

Mr. GOLDFINGER. These are face to face interviews that are made by interviewers employed part time by the Labor Department.

Mr. **Burton.** How then do they compute the percentage of the insured labor force that is out of work?

Mr. **Goldfinger.** The insured labor force figures are something different, sir. The insured labor force figures are precise.

Those figures are based upon the number of people who apply at the unemployment insurance offices for unemployment insurance and report they are unemployed and are applying for receipt of unemployment insurance, in other words, applying for claims for unemployed insurance.

Those figures are precise. As an aside, sir, in terms of the current problem, the latest figures that I have before me are for the week of February 28 and in that week there were nearly 2 million unemployed people under the insured unemployment programs; that is State, Federal, servicemen, railroad, unemployment insurance programs. This is almost a half million above the same week of a year ago.

Mr. **Burton.** What is that percentage of unemployment?

Of insured employment?

Mr. **Goldfinger.** I don't have the percentage of insured unemployment in the sheets I have in front of me. I have the numbers and I would be glad to furnish that to you, sir.

Mr. **Burton.** Can you make any generalized statement that we could use as a yardstick? If the percentage of insured unemployment is, let us say, 4.2 percent, what would be a statistically sound conclusion to reach about the percentage of overall unemployment?

Would it be the same or higher?

Mr. **Goldfinger.** No, it would be higher, the number of unemployed persons would be considerably greater. The percentage would be also higher. If the insured unemployment rate is 4.2 percent, the overall rate would be about 5.5 to 6 percent. In terms of the numbers of unemployed people, if there were roughly 2 million unemployed people under the unemployment insurance programs in the week of February 28 this year, that would mean that there probably were about another million and a half who were unemployed and were not covered by the unemployment insurance programs, not entitled to unemployment insurance for various reasons. In addition, there would be the hundreds of thousands of discouraged and others, who are not counted at all in the regular reports.

Mr. **Burton.** Let me see if I understand that. When we read the percentage of insured employment that is out of work, we have to understand that in addition to that, there is another number of men and women who are not in insured employment who are out of work and we have to add to that figure.

Mr. **Goldfinger.** Right.

Mr. **Burton.** In addition, according to the Labor Department there are or have been over the last few years an average of about three-quarters of a million workers that don't show up as insured unemployment that might be counted in the second instance. They have almost disappeared as a statistic, but as a matter of economic fact they are out of work.

Mr. **Goldfinger.** That is right.

Mr. **Burton.** I yield to my colleague from California.

Mr. Hawkins. Mr. Goldfinger, on your statement you refer to job opportunities in the business sector program, and you indicate some terminations have risen.

Have you anything to document the number of persons who have been trained under that program who have since been terminated?

In other words, it is my understanding we are paying between 1,800 and 24,000 or something like that to train. We are giving that to the private sector to train these persons. I would assume that a large number of those that we have given the money to private industry to train, we have also turned around and in a sense caused their termination which seems to me to be a waste of money.

Have you any idea how many persons were actually terminated?

Mr. Goldfinger. No, we don't have any precise idea as to those numbers except in the case of Chrysler, where Chrysler indicated publicly the number of people who have been laid off.

But in terms of the entire NAB program, it is our suspicion that this number runs into the thousands, perhaps into the tens of thousands of people, who were hired under the jobs program and have unfortunately been laid off during the past months, as a result of the general process of retrenchment in economy.

Mr. Hawkins. You would say it is a substantial number?

Mr. Goldfinger. Yes.

Mr. Hawkins. Thank you.

Mr. Scherle. Mr. Chairman.

Mr. Daniels. Mr. Scherle.

Mr. Scherle. Mr. Biemiller, on page 1 of your statement you said: "So we are here to urge you to enact manpower legislation that does create jobs."

Will you explain what you mean by that?

Mr. Goldfinger. What we are talking about here, Congressman, is the provision for public service employment as presented in H.R. 11620. That is the public service employment program where Federal funds would be made available to government agencies—Federal, State, and local agencies of government and to private nonprofit institutions—to employ the hard-core unemployed and seriously underemployed in low-skilled public services, while at the same time providing them with supported services and training.

Mr. Scherle. That statement sounds a little ambiguous to me. Would you try to clarify it a little bit for me?

Mr. Goldfinger. We are convinced, as the Automation Commission reported back in 1966, that there is a large number of hard-core unemployed and seriously underemployed people, who are at the peripheral edges of the society, who have not been sucked into employment even in 1968 and 1969, when the general unemployment level was relatively low, such as three and a half percent of the labor force.

Mr. Scherle. How about before that, were they sucked into employment opportunities at that time?

Mr. Goldfinger. No, of course not. Those people are at the end of the line for all kinds of reasons, such as very low levels of education, low skills, very little, if any regular work experience, discriminatory practices and so on.

Mr. Scherle. Would you include desire in there too?

Mr. GOLDFINGER. People who desire to be employed? The desire of employment gets into the kind of question that Congressman Burton asked a little while ago. There are large numbers, as the Labor Department estimated—600,000 to 700,000 in the past couple of years—who were so discouraged about the lack of job opportunities for themselves that they stopped actively seeking work.

And we think that they should be provided with job opportunities if they desire. I don't think anybody should be forced to work.

Mr. SCHERLE. You don't think anybody should be forced to work?

Mr. GOLDFINGER. No, we are not speaking of compulsion here. We are talking about job opportunities, of public service employment job opportunities for those people, and we think that there are a large number of such people who would work if such job opportunities were provided.

Mr. SCHERLE. How many people do you think would work if they did not have to work?

Mr. GOLDFINGER. You mean if they had incomes and did not have to work?

Mr. SCHERLE. Or if somebody was taking care of them?

Mr. GOLDFINGER. I don't know the answer to that. It may be a fairly large number.

Mr. SCHERLE. I am sure it would be.

Mr. DANIELS. If somebody made it nice for me not to work, I might take it easy.

Mr. SCHERLE. That is what bothers me. As a Government are we making it so lucrative anymore, that if there is a possibility of shall I or shall I not, many will say, I shall not?

Can you explain to me when I go through the major newspapers throughout the country and I found paper and page after page of job opportunities in the want ads?

Surely there is somebody who can fill those jobs.

Why do all of these jobs go begging?

Mr. GOLDFINGER. I don't know all of the answers to the question that you pose, but a large part of the answer I think would be found, if you looked carefully at those job ads. You would probably find that a lot of them are for scientists and technicians and teachers and highly skilled workers. The hard-core unemployed and seriously unemployed are not in that category.

Second, I think you may find some of those job ads are for very low wage kind of jobs or may be in outlying areas, which are difficult to get to in terms of existing public transportation facilities.

Mr. SCHERLE. You are talking about the major metropolitan area. I never cease to be amazed how some of these that appear to be lucrative jobs are not highly skilled.

You can't tell me that people can't fill these jobs if they have the desire to do it.

Mr. GOLDFINGER. The vast majority are actually filled. After all, this economy is working, the economy is operating and the problem right now is not unfilled job vacancies, the problem is rising unemployment. Even to the extent that there may be some small degree of a problem along the lines that you pose, I find it hard to believe that this is any major problem in this country.

This is a work-oriented culture, it is a work-oriented society. Most people get part of their feeling of worth from work. They get their sense of status from their job. Not only income but the sense of well-being and sense of worth are related to work.

Mr. SCHERLE. Do you believe though that these jobs which are listed in the paper cannot be filled because they do not have the people there to fill those jobs?

Mr. GOLDFINGER. I find it hard to believe that those jobs are not filled. After all, why do these companies continue to put the ads in the paper?

They put the ads in and they are filled and then you see new ads. I find it hard to believe that those are continuing job vacancies.

Mr. SCHERLE. Let me give an example of what I have reference to.

I contacted one neighborhood youth center director and I asked him "Why do you place all of these youngsters in public-related fields rather than private employment?"

He said he placed 106 this month, that is true but I said "Why 100 of them in public facilities and six of them in private facilities?"

The reason he did that was first of all to retain his job? I went back to that community and picked up the papers for 1 month (June). They were full of job opportunities. Instead of placing those kids in private industry, like working on farms, working in implement dealership, working in hardware stores for $1.25 an hour, he placed them in public facilities.

What happens there? First of all, a young man knows that his job is subsidized by the Government at the $1.25 an hour. There is no employer-employee relationship because that kid does not have to have any loyalty as far as his employer is concerned because he knows the employer is not paying the wage.

If the boss gets 2 hours work out of them a day, that is great because it does not cost him a penny. You talk about public-related jobs for the Federal Government creating jobs, there are enough jobs today in the private sector if the people were willing to enroll in job training programs.

Mr. GOLDFINGER. How do you explain, sir, that the reported number of unemployed in the past couple of months has increased from 2,800,000 in December 1969 to 3,400,000 in February?

Mr. SCHERLE. You told me a moment ago why it was done, retrenchment of our economy. Many jobs still go begging because there are no people trained for them.

Mr. GOLDFINGER. Right.

Mr. SCHERLE. The president of Chrysler is a personal friend of mine. We grew up in the same hometown. They have troubles. So do a lot of the other automobile manufacturers, but this is not because the jobs were not there and people were not working, it is retrenchment, of our economy.

Mr. GOLDFINGER. The job opportunities are not there. For example, sir, we have taken a hard look at these job opportunities in the business sector, the NAB program.

The AFL-CIO has cooperated with the NAB program. We cooperate with the NAB program now. We have staff people spread throughout the country who are cooperating with the employers on this job opportunity in the business sector program. In 2 years, according to the report that was presented to the NAB conference here in Washington a week ago, in the 2 years of this program's operations, they provided 380,000 job opportunities for the hard-core unemployed. We say this is great but it is hardly enough, it hardly makes a dent in the overall problem.

Mr. SCHERLE. On page 3 your statement says: "By these standards the administration manpower bill is no policy at all.

"It is merely a mechanism for consolidating and coordinating varied manpower programs."

If it is nothing more than that under this administration at least it is a beginning. Under the JOBS program, under CEPS, and the rest of them it has been utter chaos. We have heard testimony after testimony that can prove this fact.

If this program does not reach the people, it is no good no matter where it is.

Mr. GOLDFINGER. In our judgment, sir, the NAB program, excellent as it is, can hardly make a dent in hiring the large numbers of hard-core unemployed and serious underemployed. We think that the record shows it, and for that reason, we think that there should be a large scale public service employment program where the Government would be the employer of last resort.

We are not saying that the Government should be the employer of first resort, but it should be the employer of last resort.

Mr. SCHERLE. Then on page 4 you again make the statement: "The Government should be the employer of last resort" and with this I certainly agree, but then you say "such a program would create jobs and would provide badly needed public services in hospitals and other private and nonprofit facilities."

Now how much can the public facilities absorb the core, the hard core? I don't think they could absorb one-tenth perhaps of those that need jobs.

Mr. GOLDFINGER. Sir, the National Commission on Technology Automation and Economic Progress which was established by an Act of Congress, and I think by an Act that began in this committee, this Commission back in 1965 and 1966 studied this problem and they reported that there was a potential of 5.3 million jobs in the public sector in such areas as medical and health services, and so forth, jobs that needed to be done and that were not being done.

They had another study done by Greenleigh Associates, which reported that there was something like 4 million such job needs.

Furthermore, as we indicated on page 5 in Mr. Biemiller's statement, Dr. Harold Sheppard of the Upjohn Institute did a survey only recently of 130 major cities.

He found the need for 280,000 jobs in very specific kinds of functions. All of those jobs of course could not be filled by the hard-core unemployed and seriously underemployed, but a large percentage of those jobs could be filled by such people.

Mr. SCHERLE. Without training or education, what sort of jobs can be filled either in a school or a hospital?

Mr. GOLDFINGER. There are custodial jobs, sir, that are going begging, that need to be done that are urgently needed.

There are jobs in our parks, in our recreation centers and people, who may be functional illiterates, can be wonderful on a playground with kids.

Furthermore, it is our conviction that once they start reporting to work on regular jobs and are given the supportive services that they need in terms of literacy training, basic education, and so forth, we can help them to move into the mainstream of our society.

This is what our desire is—to see those large numbers of people, hundreds of thousands of people who now are at the periphery of our society, to move into the mainstream of our society and become productive members of the society.

Furthermore, in our judgment, this would help to reduce the numbers of people who are in welfare programs. In addition, we look on this program as a genuine form of revenue sharing, where the Federal Government shares Federal revenue with the States, cities, and the counties for a specific purpose.

Mr. SCHERLE. Let me read page 7 to you.

> In addition the hard core need personal guidance and supportive services. However we would like to register a few caveats with respect to training programs. They should not be used to subsidize wages. They should not be used for low wage, low level jobs that require little or no training whatsoever.

They should not be an end in themselves but rather the way to worthwhile remunerative employment?

Would you set the same standard for public employment?

Mr. GOLDFINGER. No, that is different.

Mr. SCHERLE. Why? Your statements are inconsistent.

Mr. GOLDFINGER. Because the public service employment program should be a program for the hard-core unemployed, for the people who have the greatest difficulties in the regular job market. What we are talking about in your reference to the text is not the public service employment program but manpower training programs.

Mr. SCHERLE. Are you saying you cannot train hard-core unemployed for anything other than menial jobs?

Mr. GOLDFINGER. No, sir; we place a great deal of emphasis on upgrading both in the public service employment program and in the private training programs.

Mr. BIEMILLER. Let me point out something here that I think is being missed completely. Public service jobs, as Mr. Goldfinger has said, are by definition a different type of job than private industry.

Mr. SCHERLE. Why?

Mr. BIEMILLER. Let me explain. I am not supposed to engage in controversy because I am under doctor's orders but you have gone too far on this one.

What we are proposing here first of all is a system of revenue sharing that makes sense, that we are trying to pick up the slack.

There is hardly a city or county or State today that does not have unfilled jobs, with no money to supply people for those jobs.

Many of those jobs are entry-level jobs. You train people on the job when you bring them in on an entry-level job. The kind of training program that we are talking about on page 7 is where you are getting them into private industry, where you are trying to upgrade people. We think the emphasis should be upon upgrading in private industry and thus opening up more entry-level jobs when you do not need a great deal of training.

During the war I worked with the Shipbuilding Stabilization Commission. We brought people in who were the equivalent of our hard-core people today and trained them to work in shipyards.

In 2 week's time we were teaching some of these people the elements of how to go about a work job and then kept the training up on the job. This is what we are talking about here.

Mr. SCHERLE. Mr. Biemiller, you have not used a very good comparison. During World War II there were jobs available that are not available during peacetime. In wartime it is a 24-hour program geared to mechanism and production.

Mr. BIEMILLER. I am pointing out, however, that it is possible to do on-the-job training and this is what we are talking about here and you do not subsidize wages when you are doing on-the-job training.

The JOBS program run by the Association of Businessmen does not subsidize wages. It simply meets the extra training costs that are involved.

Mr. SCHERLE. Don't we have a level entry job in private industry, too?

Mr. BIEMILLER. But they are now disappearing is the point we are making, by industry's own admission, with the serious cutbacks, with the recession that we are heading for rapidly.

Mr. SCHERLE. Mr. Biemiller, I am certain that even in the organization that you represent some of those well trained people probably could very well be laid off for a certain period of time because of retrenchment, of the economy. You can't blame the fact that people are not working because they are not trained for it. There are many other things that enter into the picture.

Mr. BIEMILLER. But we have a stated aim in this country, passed by Congress in 1946, the Employment Act, in which the Congress of the United States declared it should be the aim of the Government of the United States to take such steps as are necessary at any time to maintain maximum employment in the United States and this is what we are talking about.

It is implementing that bill.

Mr. SCHERLE. Under this administration that this thing has not changed. However, you can't get blood out of a turnip. How are you going to have the Federal Government creating jobs? This is totally impossible to do if there is no private sector of the economy to provide the economic fuel to run the Government.

People should be trained on the job for a job. If you tell me that jobs the Federal Government can create primarily are menial tasks for a person with little or no opportunity to get ahead, then I think probably it is a disservice to the worker and to the hard core and disadvantaged and everybody else to ask the Government to do this.

Mr. GOLDFINGER. We see this whole issue in a different light, sir. We stand on the studies of the Automation Commission and Dr. Harold Shepperd and the other scholars who have looked at this. We stand on the premise that there are urgently needed, low-skilled jobs in every city, State, county, and in many of the Federal agencies, jobs that would be filled if the funds were there for those hard-core unemployed and seriously underemployed. We say that the Federal Government has a responsibility to provide the funds to fill those dual needs, the needs of the communities for the services and the needs of the hard-core unemployed for the jobs.

Mr. SCHERLE. How much money do you think it would take to have this idealistic approach materialize?

Mr. GOLDFINGER. We are not sure. We see a program that would start with an annual cost of $5 billion in the first year, as a good beginning and then we would take a look and see how many of these jobs are filled, how many additional hard-core unemployed and seriously underemployed there are, and so forth.

We think there is a massive need in this country for this kind of effort. We are convinced that we live in a work-oriented culture and work-oriented society and that the emphasis of aid to the poverty-stricken and minorities in this country should be on jobs, on the provisions of job opportunities.

Mr. SCHERLE. You will find under the administration bill with the concept of bringing all of these divergent units together under one umbrella that the disadvantaged and disillusioned will have a better chance of being employed and also to climb ladders of advancement. The track records that have existed in the far-flung haphazard job training approach that has been taken through the last 8 years is very poor.

Thank you, Mr. Chairman.

Mr. DANIELS. Gentlemen, I want to thank you for your contribution.

Mr. BIEMILLER. May I make one remark, Mr. Daniels, that I meant to make earlier? The Urban Coalition has had a task force working for the past year on this problem of public service jobs and I don't know whether your staff has been in touch with them or not.

If they have not, I suggest they ought to, because I think that group has developed some very good material as to the feasibility of public service jobs.

Mr. DANIELS. Thank you for your suggestion. We will look into it. I want to thank you for your contribution to these hearings.

Mr. DANIELS. Our next witness, Mr. Harold Sims, is deputy executive director of the National Urban League.

Mr. Sims.

STATEMENT OF HAROLD SIMS, DEPUTY EXECUTIVE DIRECTOR, THE NATIONAL URBAN LEAGUE; ACCOMPANIED BY ADOLPH HOLMES, ASSOCIATE PROGRAM DIRECTOR FOR PROJECT MANAGEMENT AND ECONOMIC DEVELOPMENTS; LUTHER ELLIOTT, ASSISTANT DIRECTOR, WASHINGTON BUREAU FOR GOVERNMENTAL RELATIONS; AND ELIJAH ROGERS, ASSISTANT DIRECTOR, WASHINGTON BUREAU FOR HEALTH, WELFARE, AND EDUCATION, THE NATIONAL URBAN LEAGUE

Mr. DANIELS. Mr. Sims, you may proceed. I notice you have several gentlemen accompanying you. Will you please introduce them first?

Mr. SIMS. Yes, sir. I would like to introduce Mr. Adolph Holmes to my right, who is associate program director of the National Urban League, for project management and economic development.

To his right is Mr. Luther Elliott, who is assistant director of the National Urban League, Washington bureau for governmental relations.

Mr. Elijah Rogers, assistant director of Washington bureau for health, welfare, and education.

Mr. Chairman and members of the committee:

I am Harold R. Sims, deputy executive director of the National Urban League. I am privileged to present this testimony on behalf of Mr. Whitney M. Young, our national executive.

The National Urban League is a professional nonprofit, nonpartisan community service organization founded in 1910 to secure equal opportunities for black Americans and the other minorities.

It is governed by an interracial board of trustees and seeks to foster good race relations and increased understanding among all people of the United States.

The National Urban League works to obtain its goals by developing and operating programs to (1) equalize job and housing opportunities, and (2) encourge and stimulate youth in the pursuit of responsible citizenship and (2) develop and strengthen health family and individual services.

The league has affiliates in some 95 cities located in 36 States and the District of Columbia. It maintains a national headquarters in New York City, regional offices in Akron, Atlanta, Los Angeles, New York, and St. Louis, a Washington, D.C., bureau, and a research office in Washington, D.C.

A professional staff of about 1,600 persons trained in the social sciences and in social welfare practices conduct the day-to-day activities of the organization throughout the country.

It is assisted by upward of 10,000 volunteers who bring expert knowledge and experience to the resolution of the problems of minorities in a variety of fields.

The National Urban League welcomes this opportunity to appear before this committee to discuss the problems of manpower legislation.

The testimony I give today is not presented as an endorsement or a repudiation of any bill before this committee at this date. It is instead a statement of principles and concerns of the Urban League that grow from firsthand experience with services of Government-sponsored manpower development efforts as well as credible experience with the intended recipients of those services.

We have a concern that any moves by Congress to establish an integrated delivery system not be made without giving consideration to the principle of administrative accountability to those for whom the service is intended.

We would argue that this is in the finest tradition of the American democratic process.

I would first like to comment that we can in theory support the consolidation of manpower training programs. We know all the administrative wisdom, that for the sake of improving efficiency and quality, dictates a move for consolidation in programming as well as planning.

The disturbing effect and aspect of this consolidation is the high degree of authority that is abdicated to the State governments proposed by authors of two bills before the committee. The last 100 years have not demonstrated the ability of the states to perform this.

Mr. Chairman, we can foresee that in most of the States the employment security agency would become the prime administrative office for manpower training.

This would be devasting to the same small degree of progress Government made in the sixties toward being responsive to those in need of manpower development. The employment services of many urban and rural areas have not grown in capacity nor in sensitivity to adequately serve the truly hard core unemployed and underemployed.

Employment Service Offices have established practices which are tantamount to slave trading in many rural areas.

Since the end of World War II, the Employment Service has turned its attention to serving industry or finding people for quantitative jobs, and we have no evidence that the intentions have or will change to serving the underprivileged poor with an equal emphasis. Throughout the country, Governors have used their legislative authority to veto one OEO program after another when local community action groups have begun to exercise minimal rights of citizenship to question the practices of government, industry, or the systems of justice, rights as old as the Republic itself.

Consequently, if any approved legislation calls for the establishment of State planning agencies, committees, or advisory councils, we would advocate that assurances be made to establish structures of administration which place those in policymaking positions clearly within the reach of those being served. Of course, we don't think we need to tell the Congress and this committee the role of the democratic process.

We are not suggesting that mayors, Governors, and agency directors do not have a valid responsibility for serving in chief advisory capacities, but their ability to provide truly comprehensive planning assistance is limited. No planning for the development of manpower through training is complete without a good knowledge of the enrollees, their handicaps, their motivations, and their willingness to participate in administrative and operational designs.

Mr. Chairman, we detect a strong feeling that it has become fashionable within certain administrative circles to discredit the capabilities of the poor and the underprivileged to speak for themselves. I must make it clear that this kind of thinking will do little to achieve the goals established in any worthwhile legislation. I would like the record to show we are hopeful that any legislation emanating from this Congress will contain clearly written instructions to our civil and elected servants that all policymaking committees and administrative agents for the manpower development program will provide for the participation of those for whom the program is designed to serve in policy matters affecting them directly.

Mr. Chairman, we are reluctant to endorse the principle of administrative decentralization for one absolute reason. We do not believe agents of some State government can or will attempt to guarantee a consistently high quality of service. Not a single program financed in whole or in part by the Federal Government and administered by the States have produced a high quality performance in those areas of the country where minorities are the intended recipients of the service. In the event that Congress chooses to yield to the empty rhetoric of the States' claim that the Federal Government is not relevant to the needs of the people, then we offer strong admonition that to establish the program under the states without stringent regulatory machinery at the Federal level will be clear abdication of responsibility of the Federal Government.

In a tremendous enterprise democracy, it seems to me, the national government must assume responsibility for displacements and replace-ments and upgrading of its citizens caused by the fluctuations inherent in changes in the market cycle and in the growth of technology.

Any design without a strong Federal role would be an abdication, in view of the national nature of the problem. Unemployment is not franchised by State or political subdivision. Unemployment is without question a manipulative factor in the economy. In recent months, none of us have escaped the results of a controlled, tight-money economy. It is not by accident that the unemployement roles are increasing. This is reputed to be the price the poor laborer and the small businessman must pay for an inflationary economy. The roles of unemployment do not stop at State lines. Nor, might we add, do the great corporations and conglomerates of this Nation who control two-thirds of the business process. Only the Federal Government has the institutions and the fiscal responsibility to deal with manpower development in such a complex milieu.

It seems that on every issue the National Urban League has testified, it has had to plead with the Congress to establish priorities that reflect a concern for the poor and disadvantaged. We do so again today. We are sitting here today considering another in a long line of congressional actions to provide for adequate manpower training. Can you possibly realize the frustration of our constituents who this very moment are sitting in classrooms all over the Nation who know as surely as we do that when they have finished their training there will not be a job waiting for them. Our people have been trained, retrained, readjusted, relocated, retested, and removed more than any single group of Americans in history.

I truly regret that the emphasis on all the bills submitted thus far continue to uphold the tradition of offering training and promises. Any middle-class suburban executive knows that the most important aspect of job training is job placement. Our people want jobs. They want jobs that pay a decent standard of living. When will Congress act to assure full employment at better than poverty wages? We want to see legislation that would provide comprehensive employment as opposed to comprehensive training. This is a reasonable goal for a nation that has created miracles in technology almost equal to biblical history.

From time to time, our executives of local Urban League affiliates still have to face the question of, "What do your people want?" The answer is simple. We want what you want. We want what any American wants. We want promises fulfilled. If the results of action taken by Congress this session does not provide jobs as well as training, I question even the feasibility of the National Urban League to return to this place again and speak with restrained logic and hope. Our young people are challenging us every day to do more than deliver rhetoric. Our time as well as yours is running out for ignoring the pressures of poverty arising from unemployment.

We would argue that the spiraling crime rate is attributable to this. We firmly believe that if the government can underwrite the cost for its ailing industries, it can underwrite the cost of its ailing society. Many of you and many of your colleagues have been serving Congress long enough to observe America's traditional action to sustain an ailing industry. A prime example of what we are speaking is the action to supplement the shipbuilding industry for many years to come in current maritime legislation. We provide direct subsidy to our Nation's steel and oil industries through the establishment of tariff law. We support pharmaceutical companies by permitting capital investment tax benefits at outrageously high levels for research. What is not permitted through tax benefits is permitted by lax consumer user law. Government indirectly favors industry through reluctance to take affirmative action with regard to the standards of generic pharmaceuticals. The history of farm subsidy is scandalous. Now, we understand that Government is considering another shot in the arm for the railroad industry, to which a bunch of commuters have taken issue in Westchester County, in New York State.

Gentlemen, the Negroes in this country want their section of this ailing society to be compensated. We propose that any manpower legislation established by this Congress include a contractual guarantee that minimum levels of employment for minorities equal to their population proportion be achieved within a reasonable period of time by every industry receiving direct or indirect support from the Federal Government. It is right. It is just. It is historically humane. We desire that employment of minorities be tied directly to the health of the economy at a ratio equal to that of white employment. Neither the Congress nor the administration have taken any steps to combat the flagrant disparity in the levels of white to nonwhite unemployment rates.

I call your attention to the January and February reports of the Department of Labor which indicate that unemployment increased in January 3 to 2, black versus white, and in February 3 to 1. We maintain that a 2-to-1 unemployment ratio under normal economic patterns and an increased rate during an anti-inflationary control period is wholly unacceptable and that Congress should conduct hearings to determine the causes of this disparity with the clear purpose being to take corrective action. If blacks can fight and die in Vietnam at a disproportionately higher rate than their population at home, surely it is not too much to ask that America guarantee them a future with at least some degree of equity or future in the context of that for which they serve.

Since our basic motivation is to seek means for assuring full employment, we are very much encouraged by legislation proposing socially useful public work experience for unemployed and disadvantaged individuals. We would also suggest that this is in the finest tradition of the European Marshall plan that we financed. Naturally, we urge that the intent of the legislation be stated clearly so as to not create only leaf raking, sign painting, and street sweeping alternatives. We further advocate that socially useful work is not limited to work performed under the direct administration of a unit of government.

Fields of human betterment and community improvement are broad and diverse. They include citizen education, voters' registration, ombudsmanship, and a host of creative and valuable job options, which can add a valuable resource to our efforts to empower constructively those areas which are most disadvantaged. Throughout the fabric of America, there are people able and willing to work in whatever roles there are for the improvement of the lives of poor people. These are legitimate jobs that can be done for the price of legitimate wages.

In a practical setting, we have conversed with many participants in manpower training programs and we have found Government working to aid them through one agency and Government regulations in another agency negating the benefits of the former. Recipients of fixed-level social security benefits and who live in public housing are often reluctant to accept good training placement opportunities due to the impact that a small amount of increased income has on their eligibility for continued residency in public housing. Protective measures should be stipulated in the law which would prohibit the training allowance to be considered as income when computing eligibility for public housing as well as for welfare payment levels.

Further consideration of housing is needed at this point as well as consideration for the needs of transportation which are prerequisites for successful placement after training. As Mr. Young recently testified before the House Committee on Banking and Currency, we propose that a concept of employment facilitation be incorporated in all Federal legislation. We feel that the coordination of a comprehensive manpower service requires that the interests of housing, transportation, and employment be considered concurrently in all phases of planning.

We think as Congress has attempted to improve its own programs, planning, and procedures, that the manpower service, likewise, cannot be seen as unrelated practice, but to the total system, which would operate off, by, and for each other. Frequently, Negroes have been castigated for showing little interest in employment opportunities offered to them. The truth lies in a complex system of needs that are unfulfilled. Transportation systems are universally inadequate for commuting to the suburbs where many of the jobs emerge. The Department of Defense could show you the value of Project Value in places like Fort Belvoir, when kids motivated to accept these bids came from the District of Columbia.

Highway systems are for car owners who can afford the cost of individual transportation. Our people need adequate public transportation. New towns and new suburban subdivisions are becoming more and more prevalent throughout the Nation. These new housing projects almost always exclude housing designed to be occupied by the lower-, middle-, and low-income families. We suggest that a department of the Federal Government be designated to study and implement adequate systems of employment facilitation.

Mr. Chairman, our experience with job development in industry throughout the Nation is generally well known. Over the years, we have observed a phenomenon that is as prevalent in Government operations as it is in industry. We have from time to time been successful in gaining high-level commitments of employment for minorities. To a lesser degree, those commitments have been sustained at the front office of personnel, but the first and second levels of job supervision have continuously failed to understand how to relate with employees recruited from the low-income communities.

We would hope that in the provisions being made to train and place underprivileged workers, there would be included a provision to provide a minimum level of training for middle management in industry and in Government, where program enrollers are placed. The Armed Forces have proven through the years the outstanding value of this technique. We are indeed attempting to assimilate a portion of society into legitimate work roles where there has been little or no previous experience by either the employee or the employer. Government must go beyond the minimum levels of service to guarantee an equitable chance for success.

Further, Mr. Chairman, we advocate adoption of the "job bank" concept in the national program for a comprehensive manpower service. We have had direct experience with the model established in Baltimore. This program provides for a more equitable distribution of jobs coming into the agency, eliminating the hoarding of decent jobs by individual job counselors.

The job bank provides at a glance many jobs in the area or region for those who wish to relocate. It attempts to eliminate repeated calls or visits by job developers through the use of a central control system. There are several negative aspects of the model in Baltimore which we hope can be avoided in a national implementation.

There is a definite lack of effort on the part of the Employment Service in the area of job developing. I might add, Mr. Chairman, that we speak of the Employment Service with some present history, because before the welfare state in the depression, the Urban League first conceived the idea of an employment service, and we provided a first kind of employment service in New York City as a private effort, out of our funds. So we pioneered in this field. So we talk with some degree of experience and concern. There are too few representatives engaged in activities designed to produce the kinds of jobs needed for the average applicant with no experience.

The order taking department is not trained to induce employers to modify job specifications, unrealistic qualification requirements, and extremely low pay scales. This has operated extensively to discourage people from applying for jobs that they had the skills to do. This information is usually accepted as dictated by the employer and becomes part of a job order which sets forth the conditions under which an applicant is to be hired. Our Baltimore office believes that the order-taking department is the key to a successful job bank and should receive a great deal of attention.

Job descriptions often differ greatly from the actual duties. Dictionary of Occupational Titles (DOT) entries are often misleading and tend to disqualify qualified applicants. Many potential training slots go begging because they are captioned with a sophisticated sounding title implying that broad experience is needed.

While we may recognize the value of ingratiating the middle class by overselling what they do, it operates in the reverse for those outside of the system. There is poor Employment Service categorization of jobs. Jobs are presently listed by DOT numbers, making it necessary to review the whole book for new entries. When dealing with the book containing 8,000 to 10,000 jobs, it is extremely difficult to find a new entry unless such categories are established. The result is, that the system requires that a title be established for all job orders. An improperly titled order causes confusion and erroneous interpretation of what is actually specified.

This committee surely knows that one of the goals of innovative management today is to get employers to define what the job is supposed to perform.

The last observation that must be made about the model is, that it is underfunded to carry out the obligations of a thorough service. This is most obvious when the job bank office makes a referral of as many as 12 people to a single job and there are none hired, and there is no staff available to make a followup inquiry. Private agencies provide a much better service than the Government in that category.

Mr. Chairman, we can with reservation endorse the provision to establish an active manpower policy as an economic stabilizer. The willingness to upgrade the skills of temporarily unemployed personnel during seasonal periods of unemployment is a desirable provision.

Finally, Mr. Chairman, we recognize that you are considering a potential landmark in the history of manpower legislation. It does not seem appropriate to dismantle the many programs now in existence to establish a comprehensive and coordinated delivery system only to create a "Frankenstein monster" by decentralizing and abdicating the new system to the States. We don't think relatively few instances of graft can be used for this, because if graft were a criteria of changing functions, American industry would be in front of the line.

Need we remind the distinguished committee that the Elementary and Secondary Education Act funds are so riddled with infractions of the intent and rules of Congress that in many areas the children for whom the benefits were intended have never received the slightest educational benefit. The Law Enforcement Assistance Agency has distributed billions of dollars to the States without any assurance that the expenditures will be beneficial toward reducing police-community hostilities.

The agricultural commodity distribution program is far from achieving any degree of reduction in the existence of malnutrition. It is a State-administered program. We should benefit from our past.

Most important, Mr. Chairman, may we remind the committee that the successive waves of European immigrants to this Nation were primarily able to make progress on their own terms by gaining control of or influencing the institutions and services which affected their lives, obtaining this principally through the permissiveness or oversight of the Congress and its legislative process.

Is it too much, then, to ask that the same equality of opportunity would result, particularly when we consider that the opposite of developing opportunities along poverty lines is ambivalence we have there. So is it too much to ask that this same kind of equality of opporrtunity would result for America's long-suffering Negro citizens, who also came here as immigrant slaves and explorers, who also answered the call of Paul Revere, who died for America's independence, who made Andy Jackson a hero at New Orleans, who fought valiantly to save the Union in the abolition war, who died at Alamo and made legends with Bowie and others, who perished with Custer at his last stand, who constituted one-fifth of the U.S. cavalry, who opened the West, who chased the great Sitting Bull into Canada and captured the much-feared Geronimo, who made Theodore Roosevelt a legend at San Juan, who fought for world order in World Wars I and II, and who have bled in a place called Vietnam today.

Thank you, Mr. Chairman.

Mr. DANIELS. Mr. Sims, I want to thank you for your statement here and giving us the benefits of your views and the principles that you have announced as to the concern that we should have with respect to these manpower programs.

I take it from your testimony, however, that you disapprove of the principle of decentralization contained in the administration bill, H.R. 13472, and that you endorse to some great extent the principle of handling of manpower under the O'Hara bill. Is that correct?

Mr. Sims. That is correct, sir. And we had a caveat in that. We said if you must go that route, we want stringent Federal legislation and control to assure that the impact intended occurs.

Mr. Daniels. Mr. Hawkins, do you have any questions?

Mr. Hawkins. Mr. Sims, I regret that time perhaps doesn't permit us to question you as much as we would like, because your statement is a very excellent one and I think it does include many ideas that have not yet been presented to this committee. There are several that I would like in the limited time available to get some clarification of.

My reaction to your statement is, that you would favor the public service employment concept of the O'Hara bill with certain reservations. I would like to know what those reservations are. Also, I will group these so you can probably answer them together, that you did suggest the employment facilitation concept. And I would like to know how this relates to the public service employment concept of the O'Hara bill.

And you also indicated that you refer to the quality of jobs: they should not be leaf raking, sign painting, and so forth, and I don't know whether you were critical of the public service proposal.

I have grouped three different things together, and I hope that you have caught them, because I think they can be answered together.

Mr. Sims. I will let Mr. Holmes answer on that.

Mr. Holmes. In terms of the public service employment as we understand it, Mr. Congressman, what we are opposed to and what we do believe, and some experiences have come from your own State, California, particularly in the San Bernardino area we did take a group of young people and tried to place them with various county and city government jobs—that there would be adequate supervision and detailed work plan designed, so when the young people came on the job they learned something.

The responses by them, as well as by their supervisors, was indicative to us that they are prepared to work, want to work, and try to learn something. To give them make-work jobs is what we are opposed to. We have some examples of where some people have been sent out to cut grass on State and county highways—welfare mothers, to be exact. These we do not believe are skill-acquisition kinds of jobs, and it doesn't lead a person anywhere except to get him off of, for the moment, the welfare roll. Or it is a make-work kind of situation. So our examples are in opposition to that.

The employment facilitation concept is very relevant to the Public services employment program especially in light of demands for Government to decentralize and relocate offices within newly developed industrial and residential areas. While there is a clear need for training new personnel, it is also necessary to resolve other personnel needs. The removal of certain employment services through consolidation of regional Federal offices poses this kind of problem.

If the individual earns adequate money to move in that community, then housing according to his ability to pay is not available. Therefore, we think that these things ought to be taken into consideration in the relocation of any kind of public service facilities that employ people from that sector of the economy.

In terms of quantity versus qualitative jobs, it seems to us that there are many jobs within the public sector that have quality attached to them. But when we transfer people from the unemployment rolls or the hard-core disadvantaged people, there is a paranoia in the country which presupposes that the only kind of work they can do is this menial kind of thing. And people don't observe them as having the same kind of desire that gets them to the quality job. So we are looking at the entry level in order to give the other kind of supportive service, including the remedial reading, to bring them to that level to where they can come on and become productive citizens.

Mr. HAWKINS. One other question. In some areas in California, for example, there has been some degree of consolidation or decentralization already accomplished, and as a result there has been created a new concept of a one-stop service center that is allegedly handling the problems, the total problems of the disadvantaged. Have you had any experience with such centers as to whether or not these centers are in fact rendering a desirable service? Are they actually dealing with all of the total needs of the disadvantaged in those areas, and to what extent have such centers succeeded?

I don't know whether they exist elsewhere. I know we already have them.

Mr. HOLMES. Yes, in California we have observed what occurred there. And one-stop centers, where located—as you know, they are not that widely dispersed to the degree that they can serve a great number of people—however, the experience that has been gained from them suggests that they are there provided that we have two things optional at the same time. One is that there is a job available, and the other is that the people come.

When the people come, obviously there is a problem, if they are not articulate enough to discern what is being offered them. And that was one of the objections to the DOT codes the way they are designed. But they come only if they are ready to go to work at that point in time. If they have other problems, such as day care facilities, then the service rendered at times is not as desirable as one would expect that it should be.

However, the one-stop notion we would subscribe to, because we think we can bring these things, all of the services, to bear in that center; that we can take care of some of the health problems, dental problems, and all of the other things that are available, as well as supportive services from various private agencies.

Mr. HAWKINS. Let me get this very clear in conclusion. The public service employment concept, my understanding is that you endorse this concept provided that it provides high-quality jobs with mobility and all of the supportive services written into the concept.

Mr. HOLMES. Correct, sir.

Mr. HAWKINS. Thank you very much.

Thank you, Mr. Chairman.

Mr. DANIELS. I recognize the counsel for the minority, Mr. Radcliffe.

Mr. RADCLIFFE. Thank you, Mr. Chairman.

Mr. Sims, Mr. Scherle had to go to another committee meeting and wanted you to know that. Sometimes these things get overscheduled.

I have only one question. I am sorry about the time. You have made a very useful statement, and I am sure that members on our side as well as the other side will read it with a great degree of interest. The Urban League has had a tremendous amount of experience in this field. I know from my personal knowledge you have made some really splendid contributions along the line.

Mr. SIMS. Thank you, sir.

Mr. RADCLIFFE. You speak of the degree of authority that is abdicated to the State governments. I am afraid the rhetoric may tend to obscure the position here. Perhaps not. You say you are disturbed by the high degree of authority abdicated to the State governments, proposed by authors of two bills before the committee, and I am sure you mean the administration bill and Congressman Steiger's bill.

Are you indicating that you are opposed to any degree of State or local governmental participation in these programs?

Mr. HOLMES. If we may, our concern relates, as a background statement to my answer, we operate at the present time under contract from the Labor Department, perhaps the largest manpower contract under the manpower development training act of 1962. We currently operate one. What we discovered and what our experience has taught us in this is, as we try to deal with local cooperative area manpower planning services and at the State levels, as we under our interpretation of the bills that you are considering, one of them is that the notion of a local or standard labor market area data—and I could use Philadelphia as a case in point—the Mayor of the city of Philadelphia has a right to submit to the Governor of Pennsylvania what he perceives. The Governor has a right to accept or reject, and then the Federal Establishment deals directly with the mayor.

But when you add the other condition to the labor market area, you then include Camden. And when you start doing that, you have people, because the commuting distance is across the river and people do commute—and we could use New York City as an example where you have that kind of problem—does not necessarily tend to concern itself with the problems of those people where the industry is and the job is, as to how do they get there and are they included in such kind of planning when it is done at the local basis.

I would submit—and we indicate in our testimony—that political subdivisions do not necessarily lend themselves to the problem we are defining here.

Mr. RADCLIFFE. I think that is quite true; we have had that observation made before and there are obvious difficulties with this. But I don't think that you are being entirely responsive to my question.

Mr. HOLMES. Let's phrase it another way and we can draw an analogy on one of our concerns. If we look at the legislation, as Mr. Sims indicated in the latter part of his testimony, as relates to the education elementary and secondary bills, and the application of the enforcement, or the inspection and monitoring of those provisions, has left much to be desired from our point of view.

Mr. Radcliffe. I think it has left much to be desired from the point of view of many members of this committee, if not the majority, but not because of anything the States have done or failed to do, but because of factors built into the program legislatively.

Mr. Holmes. Therefore, we are saying, given that, then do you submit another piece of legislation which has or allows the potential for the same kind of interpretation that administration regulation——

Mr. Radcliffe. Aren't you making the assumption that, because there have been problems with State-administered programs, as there have been, that the only answer is the approach of having federally administered programs? They don't always work as envisaged either. But, to repeat my question, are you saying that you are opposed to any degree of any kind of State and local governmental participation in the manpower programs?

Mr. Sims. We are not saying to any degree. Let me add some other things to what Adolph has said. In 1877 the Federal Government made the first decision to abdicate its responsibility for its disadvantaged citizens to the States, and the climate unfortunately was quite similar to this one. There was belief at that time that we could turn additional problems over to State boundaries and get them solved. So we dissolved the Freedman's Bureau. We moved out the Federal troops. We disassociated ourselves from any responsibility with Freedman. We took a different attitude toward the Indian, as well as Mexican Americans and Chinese who were coming in on the West, and matters got worse. They did not get better.

States were unable to really deal with problems that were bigger than their boundaries, and problems were created in other States because of the inability of individual States to solve them.

Another caveat that rides into this whole thing is that the history of State and municipal government is a history of conflicts that have not been resolved.

There has been a meeting in New York State between six and seven of the largest mayors there on the question of priorities, the question of where most of the manpower problems are, and how the States deal with those problems and how the cities begin to deal with those problems. I think we are a long way from creative federalism or cooperative federalism. We are a long way from that kind of thing.

Mr. Radcliffe. I don't want to prolong this, because of the time, but ignoring the question of whether or not there is a particularly good analogy between 1870 and 1970, I would observe that the authors of these two bills would not consider that they were abdicating Federal responsibility. They would consider, rather, that they had retained a very, very high degree of Federal direction and control of these programs.

Mr. Sims. I was in part of OEO when Donald Rumsfeld took over, and we discussed this whole strategy before I left to accept another position. And I was a non-political appointee. So this is a nonpolitical statement. So the theory was, as I perceived the administration, that the States are there and they ought to be made to do their jobs. And I can understand that noble aspiration on the part of this administration.

But the people whom we serve can no longer afford to suffer on the basis of theoretical experiments. We are dealing with a crisis in urban America and in many parts of rural America that can't allow for the administration in an effort to prove which may be a very fine theory at the expense of the constituency that we serve. And there is no proof or rationale that the States in large measure have the kind of resources, commitment, and understanding concern for serving all of its people on a somewhat equitable basis. We are not saying no control. We say that if the Congress defines the criteria rather precise and somewhat accurate, and if it obtains and develops a mechanism to insure that it has some means to disallow any effort of States which interfere with the impact and objective of manpower programs, this is what I am talking about.

Mr. RADCLIFFE. I think that Mr. Steiger, if he were here, would think you were describing his bill.

Mr. DANIELS. Gentlemen, I want to thank you on behalf of the committee for your contribution to the hearings.

I would like to announce that future meetings of this committee to be held in Washington will be announced by the Chair.

However, the committee will not stand idle. As a matter of fact, the committee proposes to utilize the time that Congress will be in recess from March 26 to April 6 by conducting hearings on the road. There are many persons who have expressed an interest in this legislation who are unable to come to Washington for many reasons, or who cannot afford the expense of coming to Washington.

Therefore, the committee will endeavor to accommodate them and it is our intention to conduct hearings on manpower in Detroit on Monday, March 30; Tuesday March 31, in Des Moines, Iowa; and on Wednesday, April 1 and Thursday, April 2, at Seattle, Wash. And, finally, on April 3 and 4, at Los Angeles.

So you see this is a working committee, and we hope to get the views of many, many people who are interested in this legislation so we can bring a meaningful and productive manpower bill to the attention of Congress this year.

Thank you. The committee stands adjourned.

(Whereupon, at 12:10 p.m., the committee adjourned, to reconvene March 30, 1970, in Detroit, Mich.)

MANPOWER ACT OF 1969

MONDAY, MARCH 30, 1970

U.S. House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Detroit, Mich.

The subcommittee met at 10 a.m., pursuant to call, in the Federal Building, Detroit, Mich., Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Ford, Hawkins, and Steiger.

Staff members present: Daniel H. Krivit, counsel to the Select Subcommittee; Loretta Bowen, clerk; Marty LaVor, minority legislative coordinator, and Will Henderson, assistant minority clerk.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

We meet today for the purpose of considering H.R. 10908, H.R. 11620 and H.R. 13472, bills to establish a revised national comprehensive manpower program.

The Employment Act of 1946 adopted as a national policy the commitment to strive to maintain a total supply of jobs in the Nation. Since that time numerous legislative enactments have implemented this important goal.

Originally it was widely believed that the fault in being jobless rested almost exclusively with the unemployed. But experience has revealed that if people were deficient, so too was the system.

The unemployed or underemployed not only lack basic job skills and education, but also are often trapped in the slum-ridden core of inner cities and poverty-stricken rural areas.

Ironically the most disadvantaged of our citizens are those least likely to know about manpower services. Thus, many of the present unemployed and underemployed are disillusioned. Their training and placement in jobs are compounded by many obstacles such as family and child care problems and legal and credit questions, and transportation to and from places of employment.

According to the President's 1969 Manpower Report, about 11 million people were jobless at some time during 1968. Of this great pool of unemployed about 4.5 million are nonwhite. Half are women. Four million are youths under 21 years of age.

Three million live in urban slums and 3 million live in rural depressed areas. About 2.8 million persons were without jobs in an average week.

The purpose of these field hearings is two fold; first, we want to learn from the administrators of manpower programs and from elected officials how to coordinate and improve the delivery systems of manpower services; and secondly we want to question the recipients of manpower services to learn how to make manpower programs more responsive to the individual needs of the unemployed and/or underemployed.

The three proposals under consideration by this subcommittee are similar in the respect that they all propose to consolidate authority for the wide variety of manpower programs and their related activities under the Secretary of Labor. A significant difference among the proposals lies in the degree of responsibility to be given to the Federal, State and local levels of government in program development, administration and operation.

H.R. 10908, the Comprehensive Manpower Act, has been introduced by my colleague, the Honorable William Steiger of Wisconsin. Mr. Steiger's bill would require the States to develop a comprehensive manpower plan which would be submitted to the Secretary of Labor for final approval and funding.

These plans would be operated by the Governors of the respective States according to the guidelines and standards prescribed by the Secretary of Labor.

Of the three proposals before us only the Steiger bill authorizes specific funds to be dispersed beginning with fiscal year 1971 through fiscal year 1974.

The Honorable James O'Hara of Michigan is the sponsor of H.R. 11620, the Manpower Act. This bill would vest ultimate responsibility for the development of a comprehensive manpower services program and for the coordination of all manpower related activities solely in the Secretary of Labor, and would not require him to seek concurrence in program administration and operation from any other State or Federal department or agency.

Unlike the other proposals, the O'Hara bill would also authorize the Secretary of Labor to contract with any Government agency or private nonprofit organization to provide public service employment for the unemployed.

H.R. 13472, introduced by the Honorable William Ayres of Ohio, is the administration bill. This proposal, referred to as the Manpower Training Act, consolidates all federally assisted manpower programs and their funding sources under the authority of the Department of Labor, but places the primary responsibility for program operation and implementation with the States and local government units.

Governors would have to establish a comprehensive manpower agency for administration of unified manpower activities, as well as a comprehensive manpower planning advisory body for coordinating manpower plans and policy. The Governor and communities would designate prime sponsors responsible for regional coordination and community plans.

A novel feature in the administration bill is the mechanism for automatic additional appropriations of 10 percent to the appropriation for any year in which the national unemployment rate reached or exceeded 4.5 percent of 3 consecutive months.

The subcommittee has already held 13 days of public hearings in Washington, D.C. before embarking on this field trip, and will continue to receive testimony in Washington upon our return.

The manpower bills before us, along with the proposed welfare reforms, are among the most important pieces of domestic legislation before this Congress.

Therefore, I pledge, as chairman of this subcommittee, that we will move forward and try to pass a national manpower bill this year and that in our efforts to streamline and rationalize the myriad of manpower services, we will not overlook the unique individual capabilities and needs of each American.

Neither training nor employment is an end in itself. Our goal is to make it possible for all who wish to be employed to work at an occupation of their choice with complete dignity.

This morning, before we call our first witness, I would like to introduce to the witnesses as well as the guests, in the audience my colleagues who have traveled from Washington to conduct this hearing with me.

To my immediate right is the Honorable James O'Hara, a Representative in Congress from your own State, who serves with me on this subcommittee.

To my left, Mr. William Ford, also of Michigan. Immediately in front of me to the right is Mr. Steiger, a Representative in Congress from the State of Wisconsin. Alongside him is Mr. Augustus Hawkins, a Representative in Congress from the State of California.

Our first witness this morning, whom I am pleased to welcome as the leading citizen of this great city of Detroit, the Honorable Roman Gribbs.

STATEMENT OF HON. ROMAN GRIBBS, MAYOR, THE CITY OF DETROIT, MICH.; ACCOMPANIED BY LEON SHEARER, DIRECTOR, BUREAU OF MANPOWER AND CAREER DEVELOPMENT; MILTON ROWHER, ASSISTANT DIRECTOR; AND JOSEPH TUMA, COMMUNITY RENEWAL PROGRAM, WAYNE STATE UNIVERSITY

Mayor Gribbs. Thank you, Mr. Chairman.

Distinguished colleagues and Congressmen and guests: I welcome the opportunity to appear this morning and to present a few remarks. I would like, Mr. Chairman, to thank you for this opportunity and to also introduce briefly if I may the persons to my left and to my right.

I have with me Mr. Leon Shearer on my left, director of the Bureau of Manpower and Career Development in the Mayor's Committee for Human Resources Development, who is serving as my adviser and to my right, Mr. Milton Rowher, assistant director of our community renewal program, and Mr. Joseph Tuma, from Wayne State University, both of them serving as consultants for me on this major problem and are here to assist me if there are some questions that require some technical answers.

I would like to express my sincere apreciation for the opportunity to appear before the Select Subcommittee on Labor. Your presence here in Detroit is very timely.

Although I am one of the newer mayors, having taken office on January 6 of this year, I have had a chance to observe and experience the strengths and weakenesses of various manpower programs in the Detroit area.

On the strength of these initial observations I would urge this committee and the Congress to consider and create a manpower system including these points:

1. Consolidation of specific accountability and responsibility at the national level,
2. Centralization of control for planning and implementation of manpower efforts at the local labor market area,
3. Provision for the mayors of the large central cities to play the key role with respect to manpower programs in their labor market areas, and
4. Provision for federally financed public service employment to utilize our unused human resources to meet community needs.

Turning specifically to the matter of employment let me say that the picture in Detroit is bleak.

Even in good times, residents of the central city suffer, and in 1968 the average unemployment rate in portions of Detroit's inner city was 12.2 percent for the city as a whole, 6.7 percent—in contrast to 3.9 percent for the counties of Wayne, Oakland, and Macomb.

At the same time industry continued its exodus to outlying areas. In human terms these statistics indicate wasted lives and potential for the individuals, their families and the Nation.

More recently the situation has become much worse. Unemployment in the Detroit area has shown an erratic but serious increase. This has affected blue collar workers, and white collar workers.

It has affected youth, and persons with as much as 15 to 20 years seniority. Official figures reveal that unemployment has more than doubled within the last 5 months to a rate of 6.2 percent, over 100,000 people, in the counties of Wayne, Oakland, and Macomb.

I am informed that for the United States the figure in February was 4.2 percent. And my staff estimates that in the city of Detroit in the month of February, the rate is 10 percent.

That is an estimate that is passed upon past history and ratios. These statistics are only part of the picture. We have new entrants coming into the labor markets from schools as graduates and dropouts, in-migrants, and those who are employed but who are no longer actively seeking work.

In the face of all this, I am gravely concerned by the implication contained in the administration's manpower bill, which would trigger in certain funds for training at 4.5 percent levels of national unemployment.

This would mean, in an economy such as Detroit's an unemployment level of 6.5 percent or higher before additional funds would become available.

This is intolerable and unfair.

In a country as affluent as ours, with as many unfilled needs as ours, anyone who can work and wants to work should have an opportunity to do so.

As I have indicated, we find repeatedly that local efforts are hampered by multiagency administration, funding, and regulatory patterns and by the absence of consolidation of programs at the Federal level. This failure is borne out by the findings of the Committee on Administration of Training Programs, established under Public Law

89-787, which found that "some waste, duplication, and inefficiency existed in the nearly 30 separate federally supported training programs * * *"

By the same token, specific accountability and responsibility are required at the labor area level. As mayor of the city of Detroit, I welcome the opportunity to provide a leadership for this significant economic unit in the United States in order to make some order of proliferation and fragmentation.

As I have indicated, our major central cities must be given the key role with respect to manpower programs. These cities currently have little say as to what money is spent within their jurisdictions, or how that Federal money is to be spent.

Yet, the citizens look to the mayor to do something about unemployment. The mayor is caught in the middle. He has no control over guidelines and decisions, yet he is forced to accept the responsibility for the effectiveness of these programs.

National and State considerations are important, but in the final analysis we at the local level must decide:

Training for what jobs?

Who needs the training?

What will the quality of that training be?

I have serious doubts regarding the role of the State as described in the proposed administration bill. Our most recent experience under the Safe Streets Act reveals that allocations through the State are all too frequently made without reference to need.

For this reason, a direct relationship between a responsible and accountable agency at the Federal level which contracts with a prime sponsor in an identifiable economic unit at the local level is both desirable and sufficient.

I wish to make two final observations: The first deals with the adequacy of manpower and occupational training at the present time. Regrettably and primarily for financial reasons, not every educational institution is now responding adequately to the needs of the unemployed and underemployed.

Because of the action of Congress, some schools are beginning to respond through the use of relatively modest Federal financial aid that is directed toward employability skills.

We cannot afford to allow the public and legitimate private educational institutions in this country to abandon or escape this responsibility. I have faith, that with the proper language in manpower legislation, we can create a broader base of responsibility for education in both the remedial and the preventive processes.

Secondly, I am very encouraged by the feature of Congressman James O'Hara's bill providing for public service employment.

I think I can speak for the mayors and city officials throughout this land when I say we will vigorously support legislation which provides for a federally financed public service employment program. The U.S. Conference of Mayors has urged enactment of such a public service employment program directed toward health, sanitation, transportation, public safety, fire protection, and other basic community services.

We need more jobs in our city, and we desperately need more public services. A Federal program providing jobs in the local public sector begins to solve both these problems.

Thank you once again for giving me the opportunity to share my thoughts with you today.

Mr. DANIELS. Mayor Gribbs, thank you for a very fine statement. Your statement made reference to one of the bills that are under consideration by this committee. That is H.R. 11620, sponsored by Congressman O'Hara.

I think we are fortunate to have here today with the committee the author of one of the bills, Congressman Steiger, who sponsored H.R. 10908. Of course, there is a third bill which is sponsored by the administration through Congressman Ayres, the ranking minority member of the Education and Labor Committee, and that is bill H.R. 13472.

I deduct from your remarks that you favor the sponsorship of manpower programs being lodged in the Secretary of Labor who would have the authority to approve plans by local prime sponsors Is that right?

Mayor GRIBBS. Yes.

Mr. DANIELS. In other words, it would be the endorsement of the O'Hara bill?

Mr. GRIBBS. Yes. Again I hope there are some guidelines that this should be the thrust of the authority into local areas. That is the thrust of my thought and my thinking in principle.

Mr. DANIELS. I will recognize at this time the gentleman from Michigan, Mr. O'Hara.

Mr. O'HARA. Mr. Mayor, I too want to compliment you for an excellent statement. It is an example of the kind of analysis and perception that is winning you such favorable attention from all over the country in your new capacity as mayor of this great city.

I think you have indeed put your finger on the crucial point involved in our consideration of new manpower legislation.

Of course, I am very pleased that you share my view that a public service employment feature must be a part of any manpower legislation. Mr. Mayor, what we are talking about setting up—as you know, but all in this room might not understand this—is a public service employment system under the terms of which the Federal Government would contract with the States or with the cities, counties, units of local government and with private nonprofit agencies and these agencies would then with Federal funds hire the people it needs to perform needed public services, whether it be in the field of fire protection or public safety or recreation or whatever.

There are public services that need doing and persons who are unemployed can be put to work doing those things. That is what we want to do.

It has been suggested that we would end up doing a lot of work that was not really necessary, so-called makework projects.

That is how the critics of this legislation have described it.

Are you so well funded in the city of Detroit, Mr. Mayor and do you have so few things to do that if this bill were enacted you would have to really scrub around to find some things to put people to work doing?

Mr. GRIBBS. Mr. Congressman, I appreciate the opportunity to talk about Detroit's fiscal problems. But the fact of the matter is that we face a gigantic deficit in the next fiscal year of the city unless we find some revenues.

Mr. Chairman, I am sure the local Congressmen are reading the papers and are more aware of it. But the city of Detroit faces a revenue gap that is a difference between our proposed expenditures and income of somewhere from $40 to $60 million.

I am right in the process of closing my budget. Unless we find new revenues sources we will again face a deficit in the next fiscal year.

Just a brief history if I may. Three years ago the city of Detroit had a $10 million deficit. Two years ago it was a $14 million deficit. This year we are going to have just under a $22 million deficit and next year depending upon the new revenue sources that we are looking for it can go up to $40 million or hopefully we will have some revenue sources and won't have it.

What I am saying is, and this budget and the figures I am talking about are geared toward maintaining existing services. The core cities like Detroit are in a bind really to provide the services that the citizens need and have a right to expect.

We have to raise new revenues and we are in trouble raising new revenues. I am not even talking about expanding services. But if there was a combined program, and if for example under the Federal legislation we received employees, I could put them into my parks and recreation department to clean up and to refurbish and rebuild and maintain existing parks.

We have been trying in our city to build to the lots, small parks and to maintain them and to put basic swings and whatever other things the children should have so they can enjoy themselves to build parks within their inner city and throughout our city and to maintain them.

We have a beautiful island called Belle Isle that is under disrepair. The answer is we don't have the money to maintain it in the manner it should be maintained. If you provided manpower to cut the grass, to allow us to re-asphalt and to build a playground, to trim the trees, to maintain it, you would provide a service that the city would not have to pay for.

You would give employment and in this fashion you would help us in that particular sector. That is just one example of many areas where there is work and there are things that should be done to make the city better. I could go on and cite chapter and verse of other needs where persons could be hired to serve public needs and yet the city at the same time would not have to expend the dollars and you would have dual aid.

Mr. O'Hara. Mr. Mayor, I am not expecting you to answer this question off the top of your head. But I would appreciate it if you could make some sort of rough estimate and supply the committee with this at a later date.

Perhaps the people with you could work on this. It would be very helpful if we could get some sort of rough estimate of just how many jobs the city of Detroit might be able to work into its operation in a relatively short period of time.

Mr. Gribbs. I would be very happy to provide that. We could give you several figures, some accurate figures and even rougher estimates.

Mr. O'Hara. We would appreciate having that information. I know Hal Sheppard of the Upjohn Institute has surveyed major cities and found a very substantial need for public service employment.

But we would like to get some current estimates from you.

Mr. Gribbs. One other quick example. One of the greatest, if not the most significant problems in the city of Detroit is the question of crime.

My police commissioner has asked for 600 men in the next fiscal year, a minimal need. He really wants 963 additional men. We have just over 5,000 police officers in our force. The cost of that is up in the millions.

If through some work program, if for example we could take 100 to 200 clerical jobs or other services needs in the garage or what have you in the police department that would release that money or that manpower to put more policemen on the street, it would be an immediate and substantial aid to our city in terms of many things, solving crime and again helping our fiscal problems

Another example, and there are many of those.

Mr. Daniels. As Congressman O'Hara has stated, Mayor, we would appreciate receiving a statement from you of the number of public service jobs that the city could use in such a program.

Mr. Gribbs. Fine.

(The document referred to follows:)

1. *"The number of public services jobs Detroit could work into its operation under a federally financed public service employment program . . ."*

At the time of the subcommittee hearings in Detroit it was recommended that we use a questionnaire employed by Harold L. Sheppard of the Upjohn Institute to do a study for the U.S. Conference of Mayors. Using that questionnaire, we have estimated the degree to which the city of Detroit could expand its delivery of services "assuming no limitations in budgets and facilities (including provisions and requirements for recruiting and training new personnel)."

On this basis we currently estimate that the City of Detroit could utilize 2,760 additional employees for services the City renders, and that of the 2,760 1,993 would be jobs not "rigidly professional in nature." The table below gives a breakdown of these figures.

Department or function	Need for increases? (1)	Ideal staffing increases (2)	Nonprofessional as percentage of column 2 (3)
1. Antipollution enforcement	[1]		
2. Education	[1]		
3. General administration	X	150	50
4. Health and hospitals	X	200	40
5. Highway and/or traffic department	X	20	50
6. Housing codes and inspection	X	100	80
7. Library	X	100	100
8. Police	X	1,000	95
9. Fire (emergency ambulance)	X	50	100
10. Recreation and parks	X	500	75
11. Urban renewal (or rehabilitation)—including Model Cities	X	100	60
12. Sanitation			
13. Welfare	[1]		
Other:			
Narcotic	X	100	25
Consumer protection	X	50	75
Youth delinquency programs	X	300	50

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[1] Responsibility of separate unit of Government.

From the above, it should be clearly evident that the City of Detroit could use a substantial public service employment program. This is particularly true now when manpower training staffs are having great difficulty placing their trainees.

Although estimates of the number of positions other units of government in Detroit might use is not included in the above table, I am certain that the number is large. This would probably be particularly true in the areas of education and anti-pollution enforcement.

Mr. DANIELS. I now recognize the gentleman from Wisconsin, Congressman Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

Mayor, I listened with great interest to your statement and listened to the problems the city of Detroit faces. I am not yet convinced that the Federal Government ought to try to assume the burden of relieving Detroit's fiscal problems through a program of federally funded public service employment which in effect, I would assume, does not help the revenue problems of the city of Detroit at all, does it?

Mr. GRIBBS. I don't follow your question. Do you mean whether or not would it help?

Mr. STEIGER. Well, for example, one factor would be whether or not some matching would be required which might make the problems you face even worse if we got into this public service employment.

Secondly, there would also have to be some degree of long-term stability, because the minute the Federal Government decided to reduce its eminence in public service employment, as an example, the city of Detroit would have to come back to pick up those jobs that might have been created.

What happens to those people when they have been hired?

Mr. GRIBBS. It depends upon what jobs you are talking about. If you are talking about critical needs, yes.

Assuming that by a Federal program 100 employees that are now nonexistent are hired and they replace or supplement services that we do not have to pay for out of our city dollars, we would then be able to take that money that we would have to spend for those 100 employees and hire 100 police officers.

We would be able then by this means this year, if it were existent to increase our force by that amount. So instead of budgeting if we can afford—and that is a big "if" of course—600 additional police officers, we could add 700 to fight this ever increasing major problem of crime on the street and if the Federal Government 2 years later cut it back, we could hopefully by that time have solved the problem somewhat.

If not, then of course, we would have to go back to a lesser police service. Along that line we could use that analogy in terms of our annual needs to maintain our parks. And recreation is a critical need particularly in the inner city when we have a great deal of congestion in terms of people in a small geographical area with apartments and a higher degree of poverty and higher degree of unempolyment.

If there is a recreational facility, the youngsters and then everyone has at least some place to go to let off a little steam, if you will. But if they have no area to play shuffleboard or to toss a ball, then the likelihood of juvenile delinquency—if they are teenagers and those above that the likelihood of getting into mischief is that much higher and the tension is higher.

So I am saying there is a need for adequate recreational facilities in the city of Detroit. If with your federally funded program we were able to instead of opening up to 10 new parks, we could open up 15 in the next 2 years, you have provided a service that once it is built and opened and seeded and the new facilities are established in an area where you may have old buildings, the buildings are demolished and during the course of that activity you provided employment for those that need employment, then it is done and it is established and after that it is just a question of maintaining those parks.

So there are programs of this sort that could be put into operation for a short period of time. There are many services where very frankly they are openended but how many police officers are too many?

We are a long way from possibly reaching that.

Mr. **Steiger.** May I say to you, Mr. Mayor, that my concern is less what services the city offers than what is due to the unemployed men and women who desperately need a job and who need the kind of training so that at the end of a particular period of time they have a skill that will take them somewhere.

Mr. **Gribbs.** This I agree to. This is just a combination of the two.

Mr. **Steiger.** Where does he go, if he has been in the park building for 2 years and the program ends?

What do you do with him?

Mr. **Gribbs.** There is another facet that should be considered in the course of what you do to that man in terms of making him employable by teaching him a new skill that will be a usable skill and not one that is either going down the drain in terms of desirability in the economic field, but one that will be sought for when he masters the skill.

That is another question as I see it. It is not inconsistent with giving them a job during the interim.

Mr. **Steiger.** Except what you have done is to take a man and give him something and lead him down a road and drop him off a cliff.

Mr. **Gribbs.** Hopefully not.

Mr. **Steiger.** That may have done something for the city. It may also have done something for him. But it is not going to do anything for him 5 years from now if he has no place to go, it he has not been trained and the job no longer exists.

Mr. **Gribbs.** Giving him a job in the 2-year period that we are discussing is better than no job during that time. That is the comparative basis upon which I wish Congress to consider this request.

What would he be doing in the 2 years if he is not working for the city or some public service?

During that time, what does that unemployed person do if we do not employ him through Federal funds in public service?

What are you going to do with that man? I will say, if I may, that I think it is perfectly consistent with good planning to give him a job, not just to create a job, but a job where there is a need for that kind of work in the city of Detroit and it is not inconsistent with that idea to at the same time provide training for jobs that may or may not be consistent with what he is doing, but training him so that he is employable and so he is geared toward a field 1 or 2 years later.

I will get a job on his own filling and economic need that is then realistic.

Mr. **Steiger.** Just so we understand that that very distinct possibility exists. Let me go to another field, if I may, Mr. Mayor.

Two of the issues in the manpower legislation involve around the question of the present category of grant programs and whether we ought to decategorize. I am assuming based on your statement that you would support the idea of decategorizing manpower programs.

Mr. GRIBBS. I would support the idea of bringing the programs into some local area for administrative cohesive planning, yes.

Mr. STEIGER. Also without the kind of specific applications that you now go through. As you look for the figures at Detroit, you have got $6.5 million for Neighborhood Youth Corps almost $3 million for in school, over $3 million for out of school NYC, some $27 million for the JOBS program and $7.5 million in the concentrated employment program. None of this touches you insofar as it goes usually into some other agency.

Mr. GRIBBS. It does not allow us any flexibility to change with the time. A lot of things have happened in Detroit because of the unemployment in the major auto industries. We can't shift gears in 2 or 3 months.

Mr. STEIGER. So that decategorization makes a lot of sense. It is flexible from the program standpoint and the people involved.

Secondly, you have made a statement in which you indicate you want a key role for the Secretary of Labor but you then want a key role for local government. As you know, the administration's bill provides for an automatic pass through to a standard metropolitan statistical area if there is to be both a State and a local role, as I happen to think there should be. Doesn't a pass through to the standard metropolitan statistical area of Detroit make sense and give the mayor of the central city the key role?

Mr. GRIBBS. If it works. I don't know that it has worked yet. When you talk about the procedures and what you mean by pass through and who finally can stop it and to what extent, then we have real problems.

The Safe Streets Act is the most recent act that I have had experience with and perhaps it is not a technical pass through. But the idea is the same. The Safe Streets Act has as its purpose to make the streets safe. Every State is to form some agency, in the State of Michigan so-called State crime commission was formed or some 30 odd people who determine where the money will go and what programs shall be involved.

When you look at the final analysis where the dollars are spent, the dollars do not go where the crime is. I am fearful that if the pass through is not a literal pass through——

Mr. STEIGER. It is a literal pass through.

Mr. GRIBBS. If they just say send it to Lansing and then in turn send another check to the Detroit area, if that literally is what it means, I have no objection to passing it through.

But if there are guidelines over which legislators or State agencies may have some determination, I am fearful that once again we are bottling up the procedure.

Once again the dollars will not go where the need is. The unemployment is in Detroit in this area. It is liable to be dispersed under some, not unfair grounds, but you know there is a difference of opinion as to where the needs are and where the money will finally end up.

Let me throw one quick statistic at you in terms of the Safe Streets Act. We have about 40 percent of the crime of the State in the city of

Detroit. Last year out of the action money from the Safe Streets Act, we only got about 18 percent of the money in the State.

So the money is not going where the need is. I would not want to have that happen in this manpower program, in this bill.

Mr. Daniels. We will come back to Mr. Steiger.

I now recognize Mr. Ford, my colleague from Michigan.

Mr. Ford. Thank you, Mr. Chairman.

Mr. Mayor, I am very happy you are back here on what is supposed to be our holiday.

Mr. Gribbs. That is what I understand.

We are working today.

Mr. Ford. And to have a chance to visit with you. I would join with Jim O'Hara in acknowledging that we hear and see great things in the national press about the attention you are drawing in other parts of the country with your approach to a very serious problem in Detroit. I am sure that Gus Hawkins is aware and can tell us stories about Los Angeles that would curl his hair and yours both.

Mr. Hawkins. Don't make it personal. [Laughter.]

Mr. Ford. I was interested in what you would do about picking up jobs when Federal money was not available, presuming there was some temporary infusion of Federal money for public services employment. I recall that in the early sixties, about 1962, President Kennedy came up with the accelerated public works program that was designed to move the economy and put people to work at the same time. It worked on the basis of giving to cities and other units of government some money to go ahead and do something that they would not otherwise have in their budget.

That was the criteria that had to be met. You had to undertake the project that you would otherwise defer. You were relying only on local resources. Secondly, it had to be projects with a high labor content.

The effect of this was pretty remarkable around the Detroit area, not only for Detroit but for the entire Detroit metropolitan area.

I don't recall that we had any problems involved in any backlash as a result of the expiration of these programs. If you were to undertake public service employment, as you have already indicated, wouldn't it be possible for you to use these as supplements to the ordinary employees in a way that would not produce a disastrous effect on the city if the Federal monetary effect were to be cut down or cut off?

Mr. Gribbs. No question about it, Mr. Congressman. The needs in Detroit are such that what could be done in this year might not be done for 8 or 10 years because we don't have the financing.

Certainly any assistance along that line, would—be it a year or two, would bring about a service to the citizens that would not otherwise be done for lack of funds and this is where I think the Federal program geared toward public service employment would be most helpful.

I have in mind, and I don't recall the formal name of the program, but there was an effort after 1967, I think, by the Federal Government to help clean up the city. Among other things, the program was authorized to pick up the abandoned vehicles. It was called interim assistance. It might be hard to believe but we have over 1.6 million people in a large area.

Abandoned vehicles are a serious problem, picking them up and taking them to a place of destruction is a costly item in terms of budget and city needs.

It is difficult to budget enough money to clean up the streets of all the abandoned vehicles. There are some legal requirements.

At any rate, this was authorized and in a short period of time something like 6 to 8 months, under a year, thousands of vehicles were taken off the streets and destroyed. Our streets became cleaner and safer and it provided some work.

There was a one shot, so-called need, that was served by this interim assistance. There are hundreds of these kinds of programs that can be isolated and laid out, if you will, for a short term, Congressman.

Mr. **Ford**. Isn't it true, Mr. Mayor, that our concept of what a person has to do to be a laborer in an automobile plant has changed very dramatically since World War II. Isn't it also true that the kind of people that you can actually put to productive work in the city has changed considerably during that same period and that you now have a greater investment in training involved in any program that you undertake to employ people in the city?

Mr. **Gribbs**. Yes, indeed. It becomes more complex all the time to be appropriate and fitting.

Mr. **Ford**. Is it also true that Detroit continues to be a place that attracts people without substantial skills, who come here looking for opportunities from other nearby States, where we have the Appalachian programs and so on, where job opportunities have not been present and then in turn become a part of the problem which you are trying to deal with here in the city of Detroit.

Mr. **Gribbs**. Detroit as such, in its metropolitan environs, is a dynamic area. We have, obviously, a great deal of industry, primarily the auto industry. It is known throughout the Nation that particularly in good times, you need a job, boom, you can go right there, because they hire very quickly and hire large numbers.

Then conversely someone made the comment that if the Nation sneezes, Detroit has pneumonia, there is an immediate reaction to economic needs.

The city of Detroit is the area or the one place where unemployment is immediately visible and existent. Way ahead of the national average. The figures I quoted in the statement today I think are illustrative of the existing fact that the city of Detroit's problem and the unemployed in the city, where we have in the Nation now 6.2 percent unemployed in the area, tricounty area.

And the city of Detroit is 10 percent.

In the inner part of the city of Detroit it has got to be about 12 to 14 percent right now, this month, and perhaps more.

But the city of Detroit, I think accurately estimated at this point, has an unemployment record of about 10 percent.

Mr. **Ford**. You have indicated a deficit situation that is growing very rapidly. I take from the way I think you have described it now, and you have described it to some of us previously in Washington, that this is due to a number of uncontrollable factors, uncontrollable from where you sit.

It indicates a fact of life that is going to exist no matter what happens immediately, even if you had a lot of money coming into the general funding. You still have plenty of places to put it. There really isn't much you can do to stop the increase in costs and also the decrease in your tax base.

You had a substantial loss in tax base in the last 10 years in Detroit.

Mr. GRIBBS. Yes, indeed. Until that tax base is rebuilt, until our city is rebuilt in such a fashion that the base can exist once again so that the normal sources of revenue are there, we are going to need direct aid.

It is a killer problem for the city of Detroit but Detroit is not alone in that problem. All of the major cities, New York, Los Angeles, Philadelphia, all of the core cities are in this financial bind.

To begin with, they are old, lacking at best, looking at the historic situation. The buildings are old. The core cities attract the impoverished, the unemployed or the unemployable.

It is cheaper to live there than it is in the suburban area. While they are being rebuilt, while the buildings are vacant or old or demolished or the land is vacant, there is not a tax revenue that you will have when you have a new building, a new structure, and a new business on that particular place or a new residence in that particular area.

It is a great historical significant fact that I think Congress must understand that at this point in history the core cities must have direct financial aid in some fashion .

This is not the place to discuss revenue sharing and the concept of revenue sharing. But I am meeting, I might add, with 10 other large city mayors within the next 10 days for the expressed purpose of calling to the attention of the local legislators and Congress in whatever fashion we can devise, the problems of the major cities.

They have the need for the services and don't have the resources to provide them. They have the unemployed, they have the impoverished, they have the poor. They are there and we don't have the resources to supply the services that they must have.

It is a peculiar problem, peculiar to the large core cities. Detroit, of course, is the fifth largest in the Nation. We are getting together to indicate to our local legislators among other things that it is not because of something that Detroit did or did not do properly, administratively through the years.

It is something that has grown historically. It is existent in New York City, existent in Philadelphia, and Los Angeles and San Fransico and the others.

So while this condition exists, a program such as your manpower concept is here and can be of substantial assistance to help the core cities in various ways, not the least of which is providing employment and training and if in the process you also provide a public service to a core city like Detroit, you are directly assisting us in several manners by one effort.

I think that is a worthy and worthwhile goal, and it should be brought about and made successful. I think it can be.

Mr. FORD. Thank you, Mr. Mayor.

Mr. DANIELS. I would now recognize the gentleman from California, my colleague, Mr. Hawkins.

Mr. HAWKINS. Thank you.

Mayor Gribbs, just one question: I was interested in your reaction to the so-called automatic passthrough. It is my understanding that the administration proposal does provide that money will be allocated to the State, and that the prime sponsors in each of the local areas would then seek its share which may be allocated to them by the Secretary through the State agency, or the State administration.

Do you envision this as being automatic?

Of course, if it is automatic as alleged, then there is no particular reason to deal through the State. Do you feel that you will necessarily have to submit a plan to the State and to be a part of the State plan in order to get funded or will you be able to set up your budget, your particular plans, and without any consultation with the State or without any plan in conjunction with the State then to be able to get funded at the local level?

Mr. Gribbs. No local planning should be done outside of the coordination with the State, obviously. When I envision a local authority, I would take into consideration State needs and State activity and State history and State services that are being provided to avoid duplication.

It is a question of who would be more responsive to the need in the local area, really, in the final analysis. If the passthrough so-called literally means using—us going to a State agency, it is not a passthrough.

The question is whether or not that State agency is responsive to the local needs.

My point is, mayors or a committee, a group from this area, given the authority and the flexibility can respond more directly to the need even on a long-range basis, but particularly on a short-range basis, there should be a shift of emphasis because of a change in circumstances. For this machinery to operate in that fashion at the State level, it takes more time.

The chances are that the people on the committee are people that are outside of this area and are unaware of the problems of the area. They may be appointed on a statewide basis. Once again you have a difference of opinion, and very frankly, they will not be able to understand the problem in this area as those that live here and work here and are responsible to this vicinity.

Mr. Hawkins. With respect to the public service employment program to which you referred, it has been charged that this will be nothing more than another leaf-raking type of program similar to the old WPA that will consist of menial, dead end jobs to which marginal employees will be shunted without any possibility of advancement.

Is this the type of public service program that you envision?

Mr. Gribbs. No.

Mr. Hawkins. Or would it incorporate some of the built-in basic training and educational programs, supportive services of all kinds and so forth?

Otherwise, I would agree that it would be meaningless. What is your particular impression of the type of program that it would mount?

Mr. Gribbs. No; it is not just a dead end leaf-raking job. I think Congressman Steiger's point is well taken that if you did this: First, there is no end; second, you are not helping the individual. You are helping someone but not as much as you could if you, in fact, had an opportunity to train him to be employable or upgrade his training and ability so he can qualify for a higher grade of responsibility in terms of employment.

I think planning and appropriate guidelines along that line should be set forth to avoid just that thing. They are not inconsistent at all.

In the final analysis, I don't think you should preclude a job even though it may be a dead end job just because it is a dead end job, in terms of maintaining the parks for example. Somebody has to maintain the city's parks.

Let's assume, half a day, a man is attending class but the other half day he is working for the city of Detroit because it is federally funded and if he happens to be cleaning the parks with our equipment—somebody has to clean the parks.

So I don't think that kind of work should be precluded because there is always a need for the maintenance-type work. But I don't think the program should be aimed for that directly.

Mr. HAWKINS. A lot of people share, I think, the concern of Mr. Steiger that they are going to a central location to get on one of these so-called training programs.

They are going to end up sweeping the streets, raking the leaves. It is not that they are not willing to work, but they may be individuals whose potential would be greater than that.

Many individuals, I am sure there are a lot of minorities, feel this is going to be their fate, that they are going to get these jobs and they are not going to get trained.

It would seem to me therefore that there should be some sort of assurance that individuals are not just going to be put into these jobs merely because the jobs are there and they would be better off doing this rather than nothing. There are some individuals who would rather do nothing than accept jobs that are dead end jobs.

In other words, they are not going to be at the bottom of the economic ladder forever and they would just as soon rebel as to accept something which is meaningless. It is a very human kind of reaction and understandable.

Mr. GRIBBS. Let me answer that by indicating you can take the entire spectrum of city services. We have some 16,000 people that work for the city of Detroit and with rare exception do we find a place where you don't need some help.

For example, if the person comes through this program and knows a little something about hospital care, we can put them to work as hospital aides in our various hospitals.

We are trying to institute a new drug program and we just need some coordinating talent, we need some administrative talent. That is just one effort. There are hundreds of these. If he happens to know something along a mechanical line, our DPW in a recent budget hearing said we need mechanics in the garage to keep our equipment on the road.

I think they asked for 26 and I think we were able to give them four more. We have 3,500 vehicles which the police department and the city as a whole, buy and use every year.

They require maintenance. That is not degrading. It takes skill. It takes training to rebuild a motor or whatever you have. If he has talents along these lines and through your program you send him to us and we can put him to work in a semiskilled or skilled position. Even if you have an engineer out of work, we can put them to work.

We can put planners to work in our city planning commission. There is hardly an area in the public service where there is adequate personnel or adequate funds to really fill the need.

I know it is an open end. But I am not talking about totally open ends. I am talking about real existing needs. It is bad planning not to have enough mechanics to maintain existing equipment merely because you are not utilizing it. So it is a real need, an existing need for the city to function on a regular basis.

Mr. HAWKINS. I would assume that you would not object to strong Federal guidelines that would prevent a public service program from becoming just another leaf raking type of program?

Mr. GRIBBS. No, I would not.

Mr. HAWKINS. Thank you.

Mr. DANIELS. I would recognize the gentleman from Wisconsin for further questions.

Mr. STEIGER. Thank you, Mr. Chairman.

I have two more questions, Mayor, and I appreciate very much your patience. One relates to your statement on page 4 regarding the adequacy of manpower and occupational training. At the present time, the only recognized skill center in the State of Michigan is the McNamara Skill Center operated by the Detroit public school system.

Would you give us some status report on the utilization of the McNamara Skill Center?

It is being adequately used? Are the institutional on-the-job training funds sufficient to meet the demands that exist in this city and what suggestions if any would you have to improve the relationship between education and occupational training?

Mr. GRIBBS. These are general statements. If I may respond to those very good questions, I would like the opportunity to do so by mail. That is a very specific center and a center with which I am not familiar enough in the specific area.

I would like to defer that if I may, Mr. Steiger, and answer that through the mail.

I would appreciate that.

Mr. STEIGER. I would be delighted to have it, if that is acceptable.

Mr. DANIELS. Without objection, it will be so ordered.

(The document referred to follows:)

STATUS REPORT ON THE McNAMARA SKILL CENTER

These questions were raised on the occasion of field hearings of the Select Subcommittee on Labor of the United States House of Representatives Committee on Education and Labor, in Detroit, on March 30, 1970. Subsequently, on April 22, 1970, Dr. Norman Drachler, Superintendent, Detroit Public Schools, gave testimony relating to the McNamara Skills Center. Dr. Drachler's statement has probably answered the Subcommittee's questions with regard to adequacy of use, funds available, and for suggestions and improvements in the McNamara Skills Center.

However, let me select from Dr. Drachler's remarks and direct some additional comments to the requests of the Subcommittee.

The McNamara Skills Center is currently operating one eight-hour shift of approximately 500 enrollees, and soon will be increasing enrollment to about 700. With more funds for additional staff and equipment, the Skills Center could accommodate almost 800 enrollees on one shift. Prior to November, 1969, day and evening classes were conducted, and during a peak period in 1965, 1500 trainees were enrolled in 33 different programs. We, in Detroit, would like to see this level of activity again, if the funds were available for supportive services needed by the hardcore individuals, the number being trained could be increased substantially.

The poor and disadvantaged comprise at least 75% of the enrollees in the center. Those referred to training include academic underachievers, former mental patients, former special education students, school dropouts, drug addicts, alcoholics, as well as some with physical problems such as obesity, poor vision, poor hearing, hypertension, and those needing corrective surgery. According to Dr. Drachler, a number of trainees are handicapped by more than one of the above.

The great advantage of institutional training, such as the Skills Center, is that it deals with all the problems of an individual. In an attempt to overcome the individuals handicaps, the following are among the services which have been utilized: basic education, preparation for General Educational Development Diplomas, classes in legal information, law enforcement, personal guidance and health services.

Even at current levels of enrollment at the Skills Center, Dr. Drachler indicates that some of the services that should be made available or increased are health, psychological, child care, and guidance services. To provide these services in one location would be helpful too. However, all of these additional services or expansion of present services cost more than present funding levels will allow.

I believe all those concerned with manpower programs would like to see a close relationship between education and occupational training. To quote Dr. Drachler:

"Over the years the philosophy of training the unemployed has changed. Originally it was thought that unemployment was the result of a lack of marketable skills. All that was needed was to teach a skill and the person would be readily employed. It was soon discovered that, in many cases, trainees could not be properly taught because of a lack of or limited reading and mathematical skills."

We, in Detroit, would favor any program directions which can facilitate cooperation between education and the job or job training. To the extent that training in the classroom can be coupled with work experience the greater the likelihood of success.

In fact, I would encourage the Skills Center to consider providing instruction at the work site for some of its programs where it is possible. Under such an effort we could hope to see a more meaningful experience for the trainee and both the employer and the schools may begin to better understand the education and training process. This sort of effort might apply to high school students as well as adults.

In the same vein, I would commend the Skills Center administration for the vestibule training. In this program, trainees who are near completion are assigned to non-profit organizations to perform acquired skills and become familiar with actual work conditions in work situations. This is intended to aid the trainee in bridging the gap from training to employment.

Mr. STEIGER. Lastly, one of the continuing points of controversy that has arisen both in the hearings in the House and the hearings in the Senate has been the fear expressed by minority group leaders and community action people that mayors and Governors will take advantage of the new authority that might be given to them to perhaps get rid of those individuals or groups which now run effective manpower programs.

I wonder if you would be willing to comment on that question specifically. Do you think there is a danger of having mayors and Governors take advantage of new authority to phase out minority group programs?

Second, how would you propose in the case of Detroit to insure the ability of the poor and others to participate in the planning for manpower programs?

Third, what is the effectiveness of the existing community action agency manpower programs in the city of Detroit?

Mr. GRIBBS. First, I think it is an unwarranted fear, I think that our initial effort, the authority given to me in some capacity to coordinate, would even be to take advantage of all the good ones and keep them going and weed out hopefully those that were ineffective.

But minority work problems, blacks in the city of Detroit and the white poor are our peculiar, particular concern, because it is 300 percent larger in Detroit than it is in other lesser surrounding cities in other areas.

Instead of making it more difficult for them, it is our goal and hope to make it easier for them to participate in the program, to be trained and to gear our services to them.

Because they are the citizens that need the help. They need the jobs. They need the job training. They need upgrading training. More than welfare, this is what they seek.

Any local area group would I think be more responsive than a State agency charged with the same responsibility. Because it is those problems that they may not quite understand as well as those of us that live here and deal with them and on a day-to-day basis.

So I think the contrary would be true. I think you would find that the minorities would be in a much better position because we are closer to them in terms of day-to-day problems and we can respond to them more quickly and more effectively to bring about solutions in terms of manpower training and employment particularly to the minority.

I think the fear is totally unwarranted.

Mr. STEIGER. Would you be willing to submit if possible for the record any kind of comment or critique you would have of the existing community action agency manpower programs in the city?

Mr. GRIBBS. Certainly; we would be glad to do that.

We will send it to you as quickly as we can.

(The document referred to follows:)

COMMUNITY ACTION AGENCY MANPOWER PROGRAMS IN DETROIT

Let me begin my response to this request by stating that current manpower program efforts are no match for the magnitude of the problem of unemployment and underemployment. Even in boom years there are as many as 300,000 people unemployed in the city. By contrast, all the manpower programs in Detroit in any given year (including the employment service, the schools, and the community action agency) have contact with only about 10,000 individuals. More help is needed to deal with unemployment—not to mention underemployment.

The community action agency program represents one approach and a good one. It is a total effort to help disadvantaged individuals get the full complement of services they need to move from a given level of unemployability to one of productive labor. The program is concentrated in selected target areas in order to make the most of Federal assistance, and with the unavoidable result that unemployed individuals outside the target areas get relatively little attention simply because the extent to which a service is utilized is a direct function of the distance to that service.

Detroit's community action agency was created in and is responsible to the Executive Office of the Mayor. The keystone of the community action agency is the Policy-Advisory Committee (PAC) chaired by the Mayor and composed of sixteen members representing governmental agencies, sixteen representing public and private organizations (religious, labor, business, and social service), and sixteen representing the poor (four from each of four target areas). The PAC has six subcommittees, one of which is concerned with employment.

In addition to the above, each of the four target areas has an Area Advisory Committee that performs a group advocacy function with the assistance of community planners. The concern of this approach is that wider resident participation in the planning and design of appropriate services be permitted and encouraged to meet the needs of their neighborhood areas.

With regard to the operation of the manpower programs, Detroit can point with pride to a long history of cooperation between the state employment service and the city's community action agency. The employment service has been involved in the placement of individuals from the community action agency in 1965 to the present Concentrated Employment Program.

One of the most important manpower programs of the community action agency, if not the most important one, is the work experience programs of the Neighborhood Youth Corps. Detroit currently has 300 summer youth corps slots. Judging from the demand for these slots and the high rate of unemployment generally, the city *could* utilize five times that many summer slots, were funds available. Our Neighborhood Youth Corps out-of-school program of work experience for sixteen and seventeen year olds currently has 45 slots. Again, were funds available, we could double this program.

I would like to make one additional comment with regard to the manpower programs of the community action agency which would apply to efforts elsewhere in the area and to the nation, for that matter. The present system of rigid categorization of Federal manpower assistance does not allow sufficient flexibility to insure that the *individual* gets the best possible help. For example, the community action agency frequently encounters difficulty supplying such services as day care and transportation because the program structure does not allow that flexibility. Increased flexibility is a must if any new manpower legislation is to be effective.

Mr. DANIELS. Mr. Mayor, on behalf of the committee, I wish to thank you for your fine testimony this morning. You have been most helpful to us.

This committee has decided to work in the field this week. We set up this hearing today in Detroit. Tomorrow we will be in Des Moines, Iowa. Wednesday, hopefully, if we are not called back to Washington to vote on strike legislation, we will be in Seattle.

Finally, we will be in Los Angeles. So I want to publicly express my thanks to my colleagues for their dedication.

Mr. DANIELS. Our next witness is Mr. Charles C. Killingsworth, Labor and Industrial Relations Department, Michigan State University.

Mr. FORD. Mr. Chairman, for the record I would like to show that we have had communication with the superintendent, Norman Drachler, of the Detroit public school system, who was unable to get back here for the hearing and could not be scheduled to appear here.

He has prepared some material and he has some particular and direct interest in some of the questions that Mr. Steiger has placed. I know that before we close the hearings that material will be made available for the record.

I just want those who were here and the members of the committee to know that Superintendent Drachler is going to appear in this record before we close it even though he could not be with us this morning.

Mr. DANIELS. The Chair will announce at a future date how long the record will be open to receive such statements.

(The documents referred to follow:)

STATEMENT OF NORMAN DRACHLER, SUPERINTENDENT DETROIT PUBLIC SCHOOLS

Mr. Chairman, we thank you for the opportunity of presenting this statement which details the part the Detroit Board of Education has played in the education and training of the many thousands of our fellow citizens during the past seven years under the provisions of the Manpower and Training Act. Our purpose in so doing is not merely to relay information but rather to show how we may cooperatively plan the future for the training of even greater numbers of our youth and adults in order to assure every individual of the opportunity to work and provide himself and his family with a decent standard of living.

We sincerely regret that a previous commitment prevented our accepting your invitation to appear before the sub-committee and present testimony on Manpower Bills H.R. 10908, H.R. 11620 and H.R. 13742 on Monday, March 30, 1970 in Detroit. I'm certain that had I been able to be there we could have presented full information concerning the operation of the Patrick V. McNamara Skills Center.

When we speak of manpower training in Detroit we naturally think first of the Patrick V. McNamara Skills Center. This facility, first of its kind in our country, established a landmark in educational history when it opened its doors in 1964 and admitted the first of what has since totaled over 14,000 men and women, of all ages, who were, and still are, desirous of attaining the basic skills necessary to play a part in the mainstream of American society. From the beginning it has established a successful pattern of complete cooperation with the Michigan Employment Security Commission, the City Government of Detroit, the Michigan State Department of Education and the Federal Government.

The Patrick V. McNamara Skills Center is the nation's largest manpower training site. A seven and one-half acre site contains over 250,000 square feet of building space and two parking lots. There are currently six hundred enrollees being trained in sixteen different training programs.

At the present time, based upon the type of training being given, the center could handle approximately eight hundred on one shift if unutilized space were equipped and staffed. Prior to November 1969, day and evening classes were conducted. Due to the fact the training day is eight hours, the center was open from 7:45 a.m. through 11:45 p.m. During the peak training period in 1965, fifteen hundred trainees were enrolled in thrity-three different programs. Statistics provided by the Michigan Employment Security Commission reveal that the last program completed in November, 1969 resulted in 70% of those enrolled completed training. Of the 70% who completed, 73.5% secured employment. Of the total number enrolled, 75.4% were "disadvantaged" as defined by the criteria established by the Department of Labor. The breakdown based on sex, age, and race were as follows: 66.3% were female, 33.7% were male, 86.1% were Negro, 60% were adults, and 40% were youth under age 22.

While it is generally recognized that there has been a lack of consistent follow-up studies on M.D.T.A. programs, a recent study by a University of Michigan doctoral student, Donald A. Summerfield, provided some interesting data. A part of the study concerned itself with the random selection of fifty male graduates who had completed training five to ten months prior to the study. Forty of the fifty were located and interviewed. The study showed that the Skills Center satisfied 95% of the trainees' hopes, 77% were employed, and average monthly earnings increased from $205.00 prior to training to $368.00 after training. In addition, of the 48% employed in training related jobs, these individuals were doing much better in monthly earnings and held jobs with higher status.

We certainly do not wish to give the impression that all has been smooth sailing. As with any new venture, there have been growing pains. For example, there was the problem of securing decisions with unnecessary delay on various changes which are often required during the operation of a program. Our solution was the creation of a Central Control Committee. This committee reviews the operation of the program, considers suggestions and implements changes with expediency. The Central Control Committee meets once a month and is composed of members of the Detroit Board of Education, the State Department of Vocational Education, The Michigan Employment Security Commission and members of the Student Government. Committee members are those in authority who can make decisions; in most cases immediately. Since its inception there has been a better understanding of the problems unique to the different agencies and increased cooperation. Trainees in particular have benefited by becoming involved in decision making. By participating in such areas as program development, curriculum, grievance procedures, and program changes, they recognize that they are inovlved in determining present training conditions and their futures. Suggestions of trainees which have been adopted by the Central Control Committee include the addition of a nurse to the staff, funds to develop a library, preparation for General Equivalency Diplomas, an air intake system in the cafeteria, and the establishment of a grievance procedure.

Preparing the unemployed for the world of work is the responsibility of the Skills Center. This involves much more than teaching skills in an occupational area. Even during periods of high employment many people are unemployed because of personal problems which limit or prohibit their employability. The need for additional supportive services has been recognized, and attempts to provide them have resulted in the inclusion of several changes and additions to the training program. A great number of those referred to training are academic under-achievers, former mental patients, former special education students, school dropouts, drug addicts, alcoholics, as well as some with physical problems such as obesity, poor vision, poor hearing, hypertension, and those needing corrective surgery. It is not uncommon for an individual to be handicapped with several of the above. In an attempt to overcome these handicaps, the following services have been utilized: basic education, preparation for General Educational Development Diplomas, classes in legal information, law enforcement, personal guidance and health services. The great advantage of institutional training, such as the Skills Center, is that it deals with all the problems of an individual. Generally speaking, industry cannot afford to be concerned with the multiplicity of problems which often hinder production and increase costs.

The basic education department provides training primarily in verbal and computational skills. Instruction is provided at all levels which range from teaching the illiterate to, in some cases, teaching trigonometry. This department attempts to raise an individual's academic level to a point which will permit him to function in the occupational class to which he will be assigned. Test results show that in six weeks the average trainee will improve from one to one and one-half grade and in twelve weeks, two full grades in reading and arithmetical skills. In addition, instruction and preparation for taking the General Educational Development test, high school equivalency, is provided. Results from the pilot program revealed that of the twenty-seven who completed the course, seventeen successfully passed the test and received diplomas.

Greater emphasis has been placed in the Guidance Department during the past two years. A curriculum has been developed and the staff expanded. This department concerns itself with making the individual more aware of his capabilities and potential, how to relate with peers and supervisors, what to expect in the world of work and to provide an identity.

A full time nurse is provided to assist trainees who are referred with health problems or who develop them while in training. Trainees are referred to proper agencies for assistance. The need for health services is much greater in the school population than it is for the general public. Dental care, eye glasses, medication, surgery and treatment of alcoholism and drug addiction are some of the areas in which assistance is given. Recently, arrangements have been made with the Mayor's Committee on Human Resources Development and the Department of Vocational Rehabilitation to provide some of the required medical services.

At the present time, training in the occupational classes include auto mechanics, auto service station mechanics, auto glass and upholstery, auto body repair, clothing alterations, diesel mechanics, food service, meat cutting, custodial, production machine operators, automatic screw machine operators, welding and clerical. The clerical program trains general office clerks and stenographers. The occupational programs vary in average length from twenty to forty-eight weeks. Classes operate on an open-ended plan. This means that each trainee progresses at his own rate and leaves when he has reached an entry level of employment. Trainees are slotted into class vacancies as they occur. Thus trainees can be referred to occupational classes during the first week or the last week of the program. However trainees would not be referred near the end of the program if there was not reasonable expectation the class would be funded in the next fiscal year.

No other training facility can match the adaptability of the Skills Center in organizing and operating the diversified occupational program. During the past six years we may list almost fifty separate programs set up to train for indivdual occupations. In addition to the regular manpower programs, the Skills Center has provided training for Ford Motor Company, Peace Corps workers, Michigan Bell, the Department of Social Services, General Motors, General Electric, the Detroit Board of Education, and the City of Detroit On The Job Training Program. Involvement with these agencies and the diversity of the programs reflects the ability and versatility of the Skills Center to develop and conduct programs for specific purposes.

Ford Motor Company, upon receiving a National Alliance of Business Contract, sub-contracted to have the training done at the Skills Center. Originally the number to be trained was to have been 250. The results exceeded expectations and because there was still funds available, the number actually trained exceeded 300.

Negotiations with the United Automobile Workers, who had a government contract to train Peace Corps workers for Ghana and Bolivia resulted in approximately 70 young men and women receiving training in auto mechanics, plumbing, bridge construction, block and building construction, electrical wiring and the language of the countries.

Two separate programs were contracted with Michigan Bell Telephone Company. Individuals were trained as toll operators, information operators, splicer's helpers, and switchroom helpers. Those selected did not originally qualify for employment at Michigan Bell under normal hiring procedures. The latest statistics available reported that of the 205 hired upon completion of training, 101 were still on the payroll after one year.

From 1966–69 the Wayne County Department of Social Services has funds for training individuals on Aid to Dependent Children and the Skills Center provided the training for over six hundred of its clients. Instruction was provided for hospital ward clerks, surgical technicians, food service, custodians, and office clerks.

Adult evening classes were developed and conducted for General Motors Corporation. The purpose of this program was to provide upgrading for employees of General Motors. Subjects covered were shop math, blueprint reading, diesel mechanics, welding and precision instrument reading. Detroit Diesel Corporation has worked very closely with our diesel program in providing equipment, advice and instruction. As a result, many graduates are currently employed at the main plant.

During the past two years, General Electric Carbolay Division has recruited prospective employees and referred them through the Michigan Employment Security Commission to the Skills Center. The responsiblity of the Skills Center was to raise academic achievement to an acceptable level and to resolve personal problems which had eliminated them from employment. General Electric appointed one employee to coordinate the joint efforts of the Michigan Employment Security Commission, the Skills Center and General Electric. This resulted in seventy-one referrals and employment for forty-one.

The contract with the City of Detroit On The Job Training Program differed from most M.D.T.A. programs in that institutional training was provided at the Skills Center. Following this experience, the City had the responsibility for placing individuals with employers who contracted to complete the training and provide employment at the end of the contract. One of the employers which participated was the Detroit Board of Education, which accepted over 300 clerical and custodial trainees. Special curriculums were developed to provide the type of skills required by Board of Education employees in these categories.

In addition to the training housed in the Skills Center there are other M.D.T.A. programs located in various high schools and facilities of our school system, some of which have been in continual operation since 1963. We especially wish to mention the Licensed Practical Nurse Training which annually since 1963 turns out some 250 graduates who find immediate employment in the Detroit hospitals and other health services. This program is housed in a separate building on the grounds of Kiefer Hospital, a City of Detroit facility.

Another program which has enjoyed considerable success is the one which trains meat cutters. This is housed in the Foods Trades Department of one of our high schools. We certainly are proud of our two programs which trained 600 hundred welders and 180 female power sewing machine operators for Chrysler Motors Corporation at the Washington Trades School.

Working with the carpenters union, we conducted programs designed to add the skills of welding to that of the journeyman carpenter. Similar training in cooperation with the bricklayers union taught the journeyman bricklayer to also be a welder.

Of particular importance have been the pre-apprentice programs conducted for minority males enabling them to successfully pass the entrance tests for apprentice training in the occupations of tool and die and auto repair. Both Chrysler Corporation and General Motors Corporation were involved in the pre-apprentice classes for auto repair mechanics.

Similar to the On The Job Training is vestibule training. In this development, trainees who are near completion are assigned to non-profit organizations to perform acquired skills and become familiar with actual conditions in work situations. This experience aids the trainee in bridging the gap from training to employment.

Over the years the philosophy of training the unemployed has changed. Originally it was thought that unemployment was the result of a lack of marketable skills. All that was needed was to teach a skill and the person would be readily employed. It was soon discovered that, in many cases, trainees could not be properly taught because of a lack of or limited reading and mathematical skills. Basic Education was added to the curriculum to negate these deficiencies. Other problems, such as attitude, lack of appreciation of employers expectations, inability to get along with peers, low self-esteem, unrealistic expectations, and inappropriate referrals for training resulted in placing more emphasis in personal adjustment and guidance classes. This is a fertile area where much more needs to be done.

Until November of 1969, many trainees were being referred by persons who evidently had little or no idea of what was involved in the various training classes. This resulted in improper referrals and acceptance of trainees who could not be trained or would not be employable after training. Solving the problems after being admitted to training results in excessive absenteeism, reduced training, loss of training continuity, and dropouts. At the present time, the Michigan Employment Security Commission has a full operating unit at the Skills Center. This unit provides the following services: interviewing, trainee selection, counseling, and job development. This has resulted in improved selection of trainees referred for training.

Ideally, it would appear advantageous to have the direct involvement of other agencies when individuals apply for or are directed to the Skills Center for training. Many have physical, mental or personality deficiencies which should be taken care of before being admitted to training. The benefits of having staff members of the Department of Vocational Rehabilitation, Department of Social Services, Department of Public Health, and Mental Health Clinics on site would be of tremendous advantage to all concerned. The unemployed who do not qualify for training for whatever reason should be guided and assisted in becoming contributing members of society. Persons with health, phychological or personal problems should be treated before being referred for training.

Major problems for which solutions must be found deal with intake and job placement. During periods of high employment, the M.E.S.C. has experienced difficulty in referring qualified persons for training. This is especially true in occupations designed for males. There has never been a shortage of female trainees. However, during periods of high unemployment, while there has been no problem in referring individuals for training, there is the difficulty in placement, especially in industry.

In view of the present economic conditions, it would seem appropriate to reassess and evaluate the training programs as they now exist. If unemployment for graduates will continue to diminish, especially for those classes geared for employment in industry. Consideration must be given to provide training for the public service areas. Hospitals have constantly had difficulty in staffing unfilled positions. Trained personnel in this area have no difficulty in securing employment. Also, because of the nation's concern over pollution, the public agencies will need people trained to perform such services as dealing with smoke and water pollution, disposal of abandoned vehicles, tree trimming and removal, and demolition and repair of vacated buildings, to name only a few. Employment in public services could well be the areas in which the prospects for employment will be the greatest.

Recommendations for improving the operation of the Skills Center and to provide improved services to the unemployed are as follows:

1. Review and evaluate the types of training which are currently being provided. The type of jobs which are available are dependent upon the economic conditions of the community.
2. Provide supportive service to the unemployed before, during and after training. Some of the services which should be made available or increased are health, psychological, child care, and guidance. It would be beneficial to provide as many of these services as possible in one location.
3. Expenditure of additional funds for training and/or upgrading during periods of high unemployment.
4. Develop upgrading programs for the underemployed. Upward mobility of employees creates job opportunities for those with fewer skills. Pre-apprenticeship or apprenticeship training are not only feasible but practical.
5. Plan and be prepared to provide training in emerging occupations in which there is a shortage of trained personnel. Undoubtedly, if the economy continues its present course, more workers will be needed in the public health and service areas.
6. Improved public relations to make employers aware of the existence of the Skills Center and the availability of trained personnel. Encourage the participation of employers in curriculum planning and job placement.
7. Research areas of employment which will provide improved jobs and opportunities for women.
8. Provide funds for an indepth study on the Skills Center's contribution to problems of unemployment and its effect upon individuals, families and community.
9. A funded program to upgrade in-service training to instructors. Because instructors are not certificated teachers, they are hired primarily for their knowledge of their trade. Consequently, in many instances, there is a need for developing the ability to impart this knowledge.

10. An expansion of vestibule stations which would permit all trainees to gain an experience in actual working conditions before being released for employment.

11. Consideration should be given to making the public school manpower department solely responsible for all purchasing of materials and equipment and all accounting of funds received and spent. Such a change would not only place the responsibility where it rightfully belongs, but would simplify these operations, resulting in increased efficiency.

12. Eliminate the 10% required matching of some manpower programs. Inasmuch as most skills centers are located in large cities, it seems ridiculous to ask for any kind of matching. America's large cities are literally starving for funds to operate their public schools. In theory, required matching may appear advantageous, but in practice it may be causing some boards of education to either discontinue manpower programs or to shy away from considering new programs.

13. Skills centers should not be expected to operate on "shoe string" budgets. There is no justifiable reason why these training facilities for the disadvantaged should not have a physical atmosphere just as wholesome, as clean, and as conducive to learning as are the buildings provided for most other segments of America's educational system. Let us hasten to add that we in no way wish to construct or operate "plush" manpower centers.

However, considering the many handicaps which the trainee brings to the program, we cannot do otherwise than provide him or her with whatever supplies, materials, or equipment is necessary to enable the individual to hurdle the employment barrier. In addition, they are entitled to well lighted, freshly painted, and adequately ventilated classrooms and shops, as well as proper sanitary facilities.

14. Increased appropriations for basic education of the hardcore unemployed. Those who have worked with these disadvantaged during the past few years are more and more subscribing to the belief that basic education may be of even greater importance to the trainee than the occupational skill. Not that we desire to play down the role of skill training, but the problems of the unemployed, particularly as regards his ability to retain a job, are most often of a nature which can only be dealt with in basic education. As used here, we certainly intend basic education to mean much more than learning the 3 R's.

The Skill Center concept, conceived by the cooperative efforts of Labor and Education, has made its mark in the history of manpower training. It is performing a responsibility throughout our country which no other training program has been able to do. But like any other growing organism, it is vitally necessary that it keep moving ahead, that its responsibilities be increased, its weaknesses eliminated, and that it be encouraged to expand its effectiveness in the business and industrial world of work.

May I conclude this statement by offering my services, or that of our staff, to discuss with you at any time any additional matters which you feel need clarification.

Mr. DANIELS. Mr. Killingsworth, you may proceed.

STATEMENT OF CHARLES C. KILLINGSWORTH, LABOR AND INDUSTRIAL RELATIONS DEPARTMENT, MICHIGAN STATE UNIVERSITY, EAST LANSING, MICH.

Mr. KILLINGSWORTH. Thank you, sir, and I want to express my appreciation to appear before your subcommittee and present some views particularly on the matter of public service employment.

I recognize that there are other issues also raised by the manpower bills that you have under consideration. I have chosen to direct my comments and analysis primarily at the subject of public service employment.

I have a rather lengthy prepared statement which I have submitted to the subcommittee. It is lengthy largely because I am challenging some widely held views. When one undertakes such challenge as that, it is a good idea to try to document the challenge.

However, I think that I can summarize in fairly brief form the main points that I undertake to make in this statement.

Mr. DANIELS. In line with your suggestion then, I would recommend to my colleagues that your statement be incorporated in the record.

It will be printed in full and then you may proceed to summarize and highlight the points that you think are most important.

It will appear in the record in its entirety, Mr. Killingsworth.

Mr. KILLINGSWORTH. Thank you, Mr. Chairman.

(The document referred to follows:)

STATEMENT OF CHARLES C. KILLINGSWORTH, LABOR AND INDUSTRIAL RELATIONS DEPARTMENT, MICHIGAN STATE UNIVERSITY, EAST LANSING, MICH.

RISING UNEMPLOYMENT: A "TRANSITIONAL" PROBLEM?

I.

The Manpower Bills now under consideration by this Subcommittee raise two fundamental questions. The first is whether application of the concepts of the "New Federalism" can improve the workings of the present manpower programs. The second is whether a large-scale program of public service employment should be added to the existing array of manpower programs. The first question is not unimportant, but I wish to concentrate on the second. My position is that the development of a public service employment program is both urgent and vital. In the economic climate into which we are now moving, the lack of such a program could greatly diminish the effectiveness and the credibility of manpower training and the welfare reforms now under consideration.

Recently a member of the Council of Economic Advisors was quoted as saying that a public employment program is a "popular panacea" which is not very relevant to the "transitional" unemployment problem which we now face.[1] If it were indeed true that the emerging unemployment problem is merely "transitional," the relevance of a permanent public service program might reasonably be questioned. But I believe that the characterization of our growing unemployment problem as "transitional" rests upon assumptions which cannot withstand careful and realistic analysis. Economists generally have accepted a quite superficial explanation of the relatively low unemployment rates of the past five years, and they are now moving to an equally superficial explanation of the current rise in unemployment, and to the advocacy of superficial and inadequate policies for coping with it. The essence of the matter, I believe is that we never really solved our chronic problem of excessive unemployment which was painfully apparent in the late 1950's and the first half of the 1960's. We simply masked a part of it; temporarily deferred another part of it; and ignored the rest of it. The mask is now slipping and the deferment is beginning to run out, and the ignored aspect of unemployment has worsened.

II.

The masking of a part of the unemployment problem was the result of two significant changes—one in 1965, the other in 1967—in the definitions used in the monthly surveys which are the basis for the official unemployment statistics. In other words, the yardstick was changed. Let me emphasize that I am not questioning the good faith of the technicians who decided upon these changes in definition. I do deplore the misunderstanding and confusion that have resulted. When we compare current unemployment statistics with pre-1965 figures, it is as if we were comparing measurements in meters and yards while ignoring the difference in the standard of measurement.

If the pre-1965 yardstick for measuring unemployment had been used last month (February), the official report would have shown a national unemployment rate of at least 4.8 per cent, or possibly somewhat higher, rather than the rate of 4.2 per cent which was actually reported.

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[1] Speech of Herbert Stein in Miami, Florida, on March 12, 1970; reported in *New York Times*, March 13, 1970, p. 59.

What were the changes in definition? In early 1965, the Bureau of Labor Statistics and the Bureau of the Census jointly decided that in making the monthly survey of the labor force, they would henceforth count the enrollees in certain manpower programs as either "employed" or "not in the labor force." The major programs involved at the time were the Neighborhood Youth Corps (the largest), On-the-Job Training under MDTA, Community Action non-professional employment, and College Work Study. Enrollees in these programs were thenceforth counted as "employed." Job Corps enrollees were thenceforth counted as "not in the labor force." In most respects, the largest of these programs are broadly comparable to certain of the work-relief programs of the 1930's and 1940's. Enrollees in those earlier programs (WPA, CCC, NYA) were officially counted as "unemployed," and presumably that established definition had been followed from 1962 to 1965 when the contemporary programs were getting under way. To the best of my knowledge, no public announcement of this change in definition was ever made.

A former staff member of the BLS has made a painstaking study of the effects of this definition change on the official unemployment rate between 1965 and the end of 1967.[2] His principal finding was that the national unemployment rate at the end of 1967 was 0.4 per cent lower than it would have been without the programs and the definition change—that is, the average unemployment rate in the fourth quarter, 1967, would have been 4.0 per cent under the old definitions, rather than the 3.6 per cent that was officially reported. The effect on the 16–21 age group unemployment rate was substantially greater. The reported rate for this group for the fourth quarter of 1967 was 10.8 per cent; under the old definition, it would have been 13.1 per cent, or 2.3 percentage points higher. These estimates are based upon what I regard as highly conservative assumptions, and my rough calculations of the effects of subsequent changes in the enrollments in the pertinent programs and others like them suggest that the 0.4 per cent estimate is almost certainly too low for 1969 and 1970; presently, an estimate of 0.5 or 0.6 per cent would probably be more accurate. But we need not quibble over tenths of a percentage point, except to indicate that the 0.4 per cent estimate is certainly a rock-bottom figure for today.

The second set of changes in definition, in 1967, was publicly announced and explained; nevertheless, the changes are generally ignored in making comparisons with earlier figures. The net effect of these changes was to reduce the reported national unemployment rate by about 0.2 per cent. The technical details need not be set forth here, although it is pertinent to note that the effect of these definition changes was considerably greater on the measure of long-term unemployment.[3] This greater effect resulted from the fact that one of the changes was a tightening of the definition of "seeking work."

There is no need to debate here the technical justifications for these changes in definition. Two basic points, however, should be much more widely understood and taken into account than they are. The first is that the significance of the national unemployment rate (and especially some of the detailed rates) as a measure of looseness in the labor market has subsequently changed. In practice, one of the major eligibility requirements for the manpower programs mentioned above is the inability of applicants to find jobs in the regular labor market. Before 1965, the enrollees would have been counted as part of the surplus labor supply—in other words, their failure to find conventional jobs would have been part of the evidence of looseness in the labor market. And the same general point can be made concerning those no longer counted as unemployed under the 1967 changes; before 1967, they too would have added to the measure of looseness in the labor market.

If we are interested in comparing the present state of the labor market with its state in pre-1965 years, we should use the same yardstick. When we do so, it is quite clear that by February, 1970, we already had approximately the same degree of looseness in the labor market that prevailed in the latter part of 1964—looseness that was then expressed in a national unemployment rate which fluctuated around 4.9 to 5.1 percent. That degree of looseness was recognized then as falling far short of any reasonable definition of "full employment." In the post-Korean recession, we had not reached that degree of labor market looseness until 7 or 8 months after the downturn began.

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[2] Malcolm S. Cohen, "The Direct Effects of Federal Manpower Programs in Reducing Unemployment," *Journal of Human Resources*, Fall, 1969, pp. 491–507.

[3] *Employment and Earnings and Monthly Report on the Labor Force*, February, 1967.

The second basic point is that failure to take account of these changes in the yardstick for measuring unemployment is one factor that has resulted in a serious overestimate of the effectiveness of fiscal and monetary policy as a remedy for excessive unemployment. I will postpone further development of this point now, but will return to it after examining the effects of the Vietnam War on unemployment.

III.

Now let me explain how we temporarily deferred another part of the unemployment problem during the 1960's. A major expansion in the size of the armed forces was one means. When the Vietnam escalation began in 1965, our armed forces numbered 2.7 million persons; by late 1968, a peak strength of 3.6 million persons was reached—a net increase of about 900,000, most of them young men in the 18–25 age group. In addition, in the fall of 1965, there was a sudden large jump in the number of male enrollees in educational institutions who were full-time students (neither employed part-time nor seeking employment). This increase was about 185,000 larger than would have been expected on the basis of population growth in the relevant age groups; it was unquestionably an effect of draft deferment policies, and was, therefore, a side-effect of Vietnam escalation. It is not hard to demonstrate that virtually all of the additional 900,000 young men who were inducted into the armed forces, and most of the 185,000 draft-deferment seekers, would have been in the labor force had it not been for the Vietnam escalation. It seems reasonable to presume that approximately 1,000,000 young men were thus prevented or deterred from entering the civilian labor force from 1965 on.[4] No doubt some new entrants—younger and older males and females—were attracted into the labor force by the availability of jobs that would otherwise have been filled by the draftees and full-time students.

But econometric studies suggest that it is quite conservative to assume that only one new entrant (or re-entrant) would be drawn into the labor force for each two men thus withheld or withdrawn from it, other things remaining constant. Under this assumption, the average size of the civilian labor force during the latter half of the 1960's was about 500,000 *less* than it would have been without the Vietnam buildup. Rather simple calculations show that the net effect of this hold-down of labor force growth was a reduction in the national unemployment rate, which by 1967 was at least 0.5 to 0.6 percent, with a considerably greater effect in the 18–25 male age group.

Another means of temporarily setting aside the unemployment problem was a growth of defense employment which was associated with Vietnam escalation. The U.S. Department of Labor has estimated that from early 1965 to the peak level in 1968, about 1.4 million new jobs had been created in the private sector by Vietnam-related increases in Defense expenditures. (Defense-related civilian employment in government also rose by about 200,000.) There was a small decline in 1969, but the private sector total remained about 1.3 million above 1965.[5] It can and has been argued that the increase in private-sector employment could have been achieved by *any* equivalent increase in aggregate demand, whether from more tax-cutting or from larger public expenditures for non-war purposes. One obvious answer to this argument, I believe, is that it seems likely that the highly-publicized rise in the price level—"inflation"—which got increasing attention after mid-1965 would have deterred any fiscal or monetary stimulation from 1966 on for any purpose other than what was perceived as a war emergency.

There is another aspect of the matter that the aggregate demand argument ignores. According to some 1967 estimates of the Department of Labor, about 60 percent of the Vietnam-related increase in defense employment up to that time was in blue-collar jobs, although in 1965 only about 40 percent of total employment was in the blue-collar category.[6] Defense spending for a Vietnam-type war creates large numbers of assembly-line-type jobs in ammunition factories, aircraft plants, rubber plants, truck plants, and so on (in addition to smaller numbers of high-skilled jobs in these and other industries). Analysis of the employment effects of economic growth *without* a rapidly-increasing military production component shows a quote different pattern of job-creation, with emphasis on service-producing occupations, particularly the highly-skilled ones such as health care and education. Therefore, I conclude that Vietnam escalation played a large role in reversing the secular decline in blue-collar jobs in goods-producing industries which had been a prominent feature of our economy from 1954 to 1965.

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[4] Of course, some who were drafted in 1965 were discharged in 1967, and so on, but the net number withheld from civilian life was rising until late 1968; and the bulge in college enrollment also persisted.

[5] Richard P. Oliver, "Increase in Defense-Related Employment During Viet Nam Build-up," *Monthly Labor Review*, February, 1970, pp. 3–10.

[6] Richard P. Oliver, "The Employment Effects of Defense Expenditures," and M. A. Rutzick, "Worker Skills in Current Defense Employment," both in *Monthly Labor Review*, September, 1967, pp. 9–20.

IV.

An astonishing feature of almost all discussions of employment and unemployment developments during the past five years has been uncritical reliance on *post hoc, ergo propter hoc* reasoning. The typical analysis has run as follows: "In 1964, just before the great tax cut, the national unemployment rate stood at 5.4 per cent; by 1969, we had achieved a fairly steady rate of about 3.5 per cent; therefore, we now have clear proof that stimulation of aggregate demand, *by itself*, can push the unemployment rate at least as low as 3.5 per cent for a substantial period of time." [7] And this fallacious analysis now leads to the current assertion that the present problem of growing unemployment is "transitional." Stated more fully, the "transitional" argument runs as follows: "Just bear with us while the unemployment rate runs up; this is an unavoidable consequence of the policies that are necessary to defeat the psychology of inflation; but as soon as we have won that psychological victory, we can loosen the screws on monetary and fiscal policy, and the renewed growth of aggregate demand will smoothly and automatically carry us back to a satisfactorily low level of unemployment."

The widely-accepted assumption that the growth of aggregate demand, by itself, reduced unemployment from 5.4 per cent to 3.5 per cent has led to quite substantial exaggeration of the power of fiscal and monetary policy to affect unemployment. And this exaggeration, based upon fallacy, is leading to dangerous complacency today. The hard fact of the matter, to sum up the argument to this point, is that powerful forces *other* than aggregate demand expansion were at work in the 1965-69 period. The net reduction in the unemployment rate in that period was 1.9 percentage points. The changes in definition (plus manpower programs) were responsible for a minimum of 0.6 points of that reduction; the armed forces expansion and its side effects were responsible for a minimum of another 0.5 points, for a total of 1.1 points for these factors—which are, from the analytical standpoint, wholly unrelated to aggregate demand expansion as conventionally defined. Hence, demand expansion as such, *plus* the special structural effects of Vietnam-related increases in defense spending, cannot reasonably be credited with more than 0.8 points of the unemployment rate reduction. In other words, by the most generous estimation procedure that seems reasonable, demand expansion *alone* would have reduced unemployment only to 4.6 per cent in the 1965-69 period. And that degree of demand expansion also was the main factor that produced a politically intolerable rate of inflation.

Some people may be tempted to shrug all of this off as simply another "numbers game." Numbers are indeed involved; but it is no idle game. We are talking about the assumptions and the analysis to shape policies that will affect literally millions of human lives now and in the years ahead. The fallacy that higher unemployment rates are "transitional," if it gains general acceptance, could come to play a role in economic policy-making quite similar to the famous slogan of the early 1930's: "Prosperity is just around the corner."

V.

A proper understanding of the relative strength of the forces that reduced the national unemployment rate in the 1965–69 period is essential for accurate analysis of the causes of the current and prospective rise in that rate. And unless we understand *all* of the causes of rising unemployment, there is a strong probability that the remedies which we prescribe will be poorly chosen and poorly timed.

Almost all economists appear to assume that the recent rise in the unemployment rate—the December-February increase was the largest two-month jump since the onset of the 1957–58 recession—is entirely attributable to fiscal and monetary stringency. Unquestionably this stringency is one of the causes. No informed person could reasonably deny a relationship between (1) "tight money"; (2) lagging automobile sales, falling steel production, stagnation in home-building, and similar signs of softness in the economy; and (3) rising unemployment. These are all part of the familiar pattern of an economy that is slowing down or moving into a recession. Even if the present fiscal and monetary stringency were relaxed or reversed today, unemployment would continue to rise for a time; that too is part of the familiar pattern. To the extent that rising unemployment is caused solely by cyclical factors, the resumption of normal growth—stimulated by a more expansionary fiscal and monetary policy—will check and then, in time, reverse the rise. I readily concede that *part* of the recent growth of unemployment is properly attributable to the slowing of the economy, and that this *part* of unemployment may reasonably be regarded as a transitional" problem. What I sharply challenge is the view that *all* or even *most* of the increased unemployment and presumably all of the further increases predicted for the months ahead, may correctly be diagnosed as the transitional effects of fiscal and monetary stringency.

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[7] I have presented several specific examples of such analysis by noted economists here and abroad in an article, "Full Employment and the New Economics," *Scottish Journal of Political Economy*, February, 1969, pp. 1–19 at 11.

Let us examine present and prospective changes in those factors other than the growth of aggregate demand which helped to push down unemployment rates in the 1965–69 period, and consider the effects of these changes in direction. The most obvious example is changes in the size of the armed forces. The Department of Defense has announced plans for a net reduction of 550,000 men in the armed forces over the next 18 months. Recent figures suggest that the reduction has already begun and is proceeding more rapidly than previously indicated. In February, the armed forces total was about 150,000 lower than in November, 1969. Some of the decrease may be due to seasonal factors, but the reduction in the corresponding months a year ago was only 42,000; hence, it appears that there has already been a planned, permanent reduction of more than 100,000 men. Most of those released from the services and not replaced were in the 20–24 age group. It is more than coincidental, I believe, that in the December–February period, there was a particularly sharp increase in the unemployment rate for workers in precisely that age group; their reported rate jumped from 5.8 percent to 7.3 percent—a substantially more rapid rate of increase than in the overall unemployment figure.

Let's look ahead for a moment to consider the future impact of this planned armed forces reduction. The reduction may turn out to be considerably larger than now suggested. The plans for an all-volunteer army, for example, assume a smaller force than we would have otherwise (because of a reduction in turnover and therefore a great reduction in training personnel, among other things). But even the announced reduction of 550,000 must be expected to have a significant impact on the labor market. It would be fatuous to suggest that all or most veterans returning to civilian life will be unable to find jobs. Some of them had established rights to jobs before entering the service, and their rights to return to such jobs are protected by law. But their return will obviously displace the incumbents. And veterans may be given preference for jobs that would otherwise have gone to non-veterans. In many cases, women have replaced or substituted for the men withdrawn from the civilian labor force, and it is interesting to note that in the December-February period, the unemployment rate for women in the 20–24 age group rose by almost exactly the same amount as the rate for men in that age group.

The armed forces reduction will be occurring under circumstances that are different in some quite significant respects from those immediately after World War II and the Korean War. In the first place, the labor market in early 1970 is already considerably looser than in early 1946 or the latter half of 1953 (if we use the same yardstick for measuring looseness that was used in those earlier years). In the second place, the education and training benefits of the GI Bill are currently being used by a much smaller proportion of eligible veterans than after World War II and Korea. The current rate of participation by those eligible is about 21 per cent, compared with 42 per cent for Korean veterans and 50 per cent for World War II veterans.[8] In the third place, the great wave of teen-agers that hit the labor market in the latter part of the 1960's is now moving into the 20–24 age bracket. The total population in that age group is already, in 1970, 22 per cent higher than in 1966, and by 1975, this group will have increased by a further 12 per cent over 1970. (The nonwhite increase in this age group during 1970–75 will be 22 per cent.) The point, of course, is that we are entering a period of greatly increased competition for the kinds of jobs usually sought by young adults, many of whom will be new entrants to the conventional labor market.

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[8] The percentages are as of April, 1969, and were supplied by the Veterans' Administration for *Hearings* before the U.S. Senate Subcommittee on Veterans' Affairs (91st Cong., 1st sess.), June 24, 25, and 26, 1969, p. 52. The recently enacted liberalization of benefits covers somewhat more than the recent rises in educational costs, but will still cover considerably less than the full cost of college training for most veterans. The utilization rates may rise somewhat, but probably not to the post-Korean level.

Some labor market analysts suggested that the teen-age unemployment problem of the 1960's was another of those "transitional" problems, and that the surest cure for it would be the passage of time. That view was not wholly incorrect. Teen-age unemployment may well be a relatively less serious problem in the 1970's than in the 1960's. But we did not rely exclusively on the passage of time as a remedy. As recounted above, we also masked a substantial part of the problem by enrolling large numbers of teen-agers in the Neighborhood Youth Corps and counting them as "employed." Some observers, more seriously than otherwise, referred to the Neighborhood Youth Corps as an "aging vat." But—to vary the metaphor for a moment—the vat did not dissolve the problem. What is emerging now is a young adult unemployment problem for the 1970's. And there seems to be an iron law of the labor market which says that when disadvantage increases, the increase is greatest for those who are already the most disadvantaged. One illustrative example: A recent Department of Labor study[9] considered the likely effects of a rise in the national unemployment rate from 3.7 to 4.7 per cent (that is, an increase in rate of a little more than one-quarter). On the basis of past relationships, this study projected an accompanying increase in the adult Negro male unemployment rate from 4.4 to 7.0 per cent—an increase in rate of 59 per cent. It is significant, I think, that this projection assumed *no change* in the size of the armed forces.

As large numbers of soldiers return to civilian life, we will also cut back on the defense spending related to the Vietnam War. The Department of Defense has announced planned cutbacks which will eliminate about 150,000 civilian jobs in the defense establishment, and another 500,000 jobs in private-sector defense industries, all by June 30, 1971. Coincidentally, the National Aeronautics and Space Administration announced at about the same time cutbacks planned to eliminate 50,000 jobs in its programs.[10] These estimates of job elimination may be too low rather than too high.[11] (The projected private-sector defense cutback, for example, represents less than half of the increase attributable to Vietnam escalation, and seems to presume some large new defense projects which may not be authorized.) Some of the defense and space plant cutbacks will obviously be achieved by natural attrition, and some affected workers may have transfer rights to other jobs in the parent company. Nevertheless, it is quite apparent that such massive reductions cannot be achieved as now scheduled without dismissing very large numbers of workers.

As already noted, a large proportion of the job-losers will necessarily be in the blue-collar category. They will begin to search for a new job in a labor market which, by pre-Vietnam standards, is already quite loose. The displaced defense workers will immediately find themselves in competition, not only with men released from the armed forces, but also with laid-off auto workers, steelworkers, textile workers, and other victims of general softness in the economy. Even if these and other goods-producing industries soon return to the very high production levels of 1968–69—which is not a likely development—it is self-evident that they could not absorb all of the blue-collar workers released from the production of such items as guns, ammunition, helicopters, jeeps and so on. Instead, the enormous investment of the 1960's in new and more efficient plant and equipment in manufacturing industries strongly suggests that in the post-Vietnam period we will see the re-establishment of the long-run trend that was quite clear in the 1953–64 period: productivity increases which run somewhat ahead of the rate at which demand grows, so that the number of bluecollar workers employed in factories shows a falling secular trend.[12] This trend appears to be a normal aspect of the growth patterns of a mature, mass-consumption society—patterns that have been temporarily distorted by war production, but which may now be expected to reassert themselves.

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[9] Paul M. Ryscavage, "Impact of Higher Unemployment on Major Labor Force Groups," *Monthly Labor Review*, March, 1970, pp. 21–25 at 23 (from advance sheets).

[10] *New York Times*, January 14, 1970, p. 1 (NASA); *ibid.*, January 16, 1970, p. 1 (Defense).

[11] Government planners currently speak in terms of a defense cutback affecting 1.3 million persons by June 30, 1971, divided as follows: armed forces reduction, 550,000; civilian reductions at military bases and defense establishment facilities, 130,000; and defense plant cutbacks, 640,000.

A chronic surplus of bluecollar workers with factory experience will have significant effects on the structure of manpower programs and, both directly and indirectly, on the reported unemployment figures. This kind of labor surplus will alter the attitudes of many employers toward on-the-job training. Any plant that has seniority employees on layoff will find it difficult, if not impossible, to move trainees into regular jobs. And when experienced factory workers are readily available in the labor market, the manufacturing employer's incentive to undertake extensive on-the-job training is greatly weakened. The JOBS program is likely to be affected more by this weakening of incentive than OJT under MDTA, because the latter appears to be doing a great deal more training for non-profit and public sector establishments. The net effect of the new economic climate on present manpower efforts will probably be a renewed emphasis on Institutional Training under MDTA. Whatever else may be said about this shift in emphasis, it is likely to be another factor contributing to rising unemployment rates. As mentioned above, on-the-job trainees are counted as "employed" in the labor force statistics, while enrollees in MDTA institutional training are counted as "unemployed."

VI.

There is another aspect of our unemployment problem which we have neither deferred nor masked: we have simply treated it with "benign neglect." (Although the phrase has just recently moved into the spotlight, the treatment is—unfortunately—long-established.) Through most of the years since World War II, a combination of forces which I have dubbed "the labor market twist" has operated with hardly any general notice. I first called attention to this "twist" in testimony presented to a Senate Subcommittee in 1963.[13] This "twist" has profoundly important implications both for manpower policy and for welfare policy. I will describe briefly what the twist is, reiterate a key piece of evidence illustrating its operation from 1950 to 1962, and then present evidence showing that its effects were modified very little by the record-breaking economic expansion of the 1960's. Finally, I will suggest some of the general policy conclusions which grow out of the analysis.

The twist thesis is that evolving technology and changing consumption patterns in the U.S. economy have combined to produce exactly opposite effects in the upper and lower sectors of the labor market. At least since 1950, the demand for more-skilled, better-educated workers has grown vigorously and has shown a persistent tendency to outrun the high rate of increase in the supply of such workers. Simultaneously, the demand for less-skilled, less-educated workers has steadily declined at a rate which has consistently run ahead of the shrinkage in the supply of such workers. The result has been chronic looseness in the lower sector of the labor market, coexisting with chronic tightness in the upper sector. And the disparity has grown over time.

Thus, the *average* rate of unemployment for men (18 years of age and older) was virtually the same in 1950 and 1962—6.2 per cent in 1950 and 6.0 per cent in 1962. Yet the unemployment rates for those subgroups of workers with less than the median education were substantially *higher* in 1962 than in 1950, while the better-educated workers had *lower* rates in 1962. Furthermore, there was clear evidence of the growth of "hidden unemployment" among the less-educated. A substantial number of them had given up the constant search for jobs and were thus not counted as "unemployed," but instead were classified as "not in the labor force." In other words, detailed comparisons, age group by age group, between 1950 and 1962 showed substantially smaller percentages of virtually all age groups in the lower sector counted as in the labor force in 1962. No such general decline in labor force participation rates was apparent in the upper sector—rather, there was some net increase in participation between 1950 and 1962 (except at age 65 and over). I will not let modesty prevent my stating the important fact that a BLS expert later tested and confirmed my conclusions. I applied the same methodology to data from different sources and for somewhat different time spans; his findings for 1950-60, he reported, lend "solid support" to the twist thesis.[14]

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[12] The data showing the existence of such a trend, and my explanation of its causes, are set forth in my chapter, "Structural Unemployment in the United States," in *Employment Problems of Automation and Advanced Technology* (J. Stieber, editor [London: Macmillan and Co. and New York: St. Martin's Press, 1966]).

[13] "Automation, Jobs and Manpower," Statement before U.S. Senate Subcommittee on Employment and Manpower, *Hearings*, 88th Congress, 1st Session, pt. 5 (September 20, 1963), pp. 1461–1483.

In 1963, the view which I expresed to this Subcommittee was that tax-cutting alone was not likely to benefit the more disadvantaged members of the labor force nearly as much as the better-educated. This judgment at the time was criticized as excessively pessimistic; but the record of developments in the intervening years shows that I was actually excessively optimistic. I have examined in some detail the data showing the relevant changes from 1962 to 1967—that is, from well before the great tax cut of 1964 until well after it.[15] I will spare you most of the details, and will only summarize some of the salient findings. Understanding is helped, I think, by referring to the "upper half" and the "lower half" of the male labor force. In 1962, the median educational attainment for male workers age 18 and older was 12.2 years; so the lower half was approximately the group without a high school diploma (0–11 years of education) and the upper half was approximately the group with a high school diploma or better (12 or more years of education). From 1962 to 1967, reported unemployment rates in both sectors dropped by roughly the same proportion (slightly more for the upper half than the lower, but the difference was not large enough to emphasize).

The rate for both subgroups combined dropped from 6.0 percent in 1962 to 3.1 percent in 1967. Hence, if one considered only these changes, he might conclude that the benefits of economic growth had been distributed more or less evenly. The relative disparities of 1962 had not been corrected; the unemployment rates for the lower half were still much higher than those for the upper half; but the whole level was much lower. The details are shown in Table 1.[16]

TABLE 1.—UNEMPLOYMENT RATES BY YEARS OF SCHOOL COMPLETED, MEN AGE 18 AND OLDER, MARCH 1962 AND MARCH 1967

Years of school completed	Unemployment rate		Percentage reduction, 1962-67
	1962	1967	
All groups	6.0	3.1	48
0 to 4 years	10.4	5.7	45
5 to 7 years	8.5	4.7	45
8 years	7.5	4.0	47
9 to 11 years	7.8	4.6	41
12 years	4.8	2.5	48
13 to 15 years	4.0	2.2	45
16 years or more	1.4	.7	50

Further analysis clearly shows, however, that sharply different processes were at work in this period in the upper and the lower levels. In the upper half, unemployment rates fell sharply from 1962 to 1967 because demand (as reflected in employment figures) grew more rapidly than either population or labor force. Demand was so strong and opportunities were so abundant and so attractive that extra workers were drawn into the labor force (technically, labor force participation rates generally rose, except for the normal retirement ages). To me, one of the most striking facts about this period of rapid economic growth, with obviously excessive aggregate demand in the later years, is that about 95 percent of the job growth occurred in the upper half of the labor force. The college-trained group—those with at least one year of college or more—was roughly the top fifth (22 per cent) of the male labor force in 1962; this top fifth got about 40 percent of the gross increase in jobs in the 1962–67 expansion. Falling unemployment rates in the upper half of the labor force were indisputably the product of rapid economic growth and ebullient demand. (See Table 2.[17])

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[14] Denis F. Johnston, "Education and the Labor Force," *Monthly Labor Review*, September 1968, pp. 1–11. Johnston undertook two main comparisons: 1950 with 1960, and 1960 with averages for 1964–67. With regard to the latter comparison, his conclusion was as follows: "On the whole, then, the 'twist' first observed by Killingsworth for the period from the 1950 Census to March 1962 appears to be still in operation despite the recovery since 1962, and has in fact acquired more torque among the older men."

[15] Summarized in my article commenting on Johnston's findings: "The Continuing Labor Market Twist," *ibid.*, pp. 12–17; and elaborated in another article, "Fact and Fallacy in Labor Market Analysis," *Scottish Journal of Political Economy*, February 1970.

[16] Taken from "The Continuing Labor Market Twist," *loc. cit.* The data sources are identified therein. Data for 1969 are not yet available as this is written; data on changes from 1967 to 1968 show no significant alterations in the patterns discussed in this and the next several paragraphs.

TABLE 2.—EMPLOYMENT BY YEARS OF SCHOOL COMPLETED, MEN AGE 18 AND OLDER, MARCH 1962 AND MARCH 1967

[In thousands]

Years of school completed	Number employed		Absolute change, 1962–67	Percentage change
	1962	1967		
All groups	42,332	45,132	2,800	+6.6
0 to 4 years	2,171	1,616	−555	−25.6
5 to 7 years	4,130	3,508	−622	−15.1
8 years	5,895	5,254	−641	−10.9
9 to 11 years	8,137	8,349	212	+2.6
12 years	12,308	14,946	2,638	+21.4
13 to 15 years	4,498	5,349	851	+18.9
16 years or more	5,193	6,110	917	+17.7

In the lower half, falling unemployment rates were produced by a very different set of forces and reactions. In the first place, employment *decreased* substantially from 1962 to 1967, and the decrease was greatest for those nearest the bottom. For the subgroup with less than 5 years of education—the functional illiterates—the employment decline was 25.6 per cent in these 5 years. For the whole lower half, the number of jobs decreased by 7.9 per cent. Only in the top layer of the lower half, the subgroup with 9–11 years of schooling, was there a modest increase (2.6 per cent); and much of that must have been attributable to enrollments in the Neighborhood Youth Corps and other manpower programs whose enrollees are counted as "employed." With jobs for the lower half disappearing, how could unemployment rates fall? Simply because the number of men classified as being "in the labor force" fell even more rapidly than employment.

There is a strong temptation, to which some observers have yielded, to attribute *all* of the labor force shrinkage in this group to population decline and voluntary retirement, and to conclude that the labor force shrinkage has been the independent factor which has *caused* the employment decline. Such reasoning involves reliance on a partial truth to support a wholly erroneous conclusion. Table 3[18] shows the changes, and the rates of change, in the most pertinent figures. The population in what was the "lower half" in 1962 had indeed decreased by 1967, but only by 6 per cent. The rate of labor force decrease was almost double that rate—11.4 per cent—and the absolute number dropping out of the labor force count was about 50 per cent greater than the numerical decline in the population count. Obviously, *some* of the labor force shrinkage was caused by deaths in excess of new accessions. It should be equally obvious that nothing like *all* of the labor force shrinkage is explained by population decrease. An increase in the proportion of men in the 65 and over age bracket, and a higher rate of voluntary retirement[19] account for another part of the labor force shrinkage in the lower half. But even these factors, taken together with population decrease, fall far short of explaining all of the labor force shrinkage.

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[17] *Ibid.*

[18] Adapted from Table 2 in "Fact and Fallacy in Labor Market Analysis," *loc. cit.*, and the sources cited there.

[19] There has been an increase in the rate of retirements at age 65 at all levels of the male labor market. But this increase has been least for the best-educated and most for the least-educated—suggesting that the same forces which have increased the labor force dropout rate at younger ages among less-educated workers have also affected the decisions of older workers. In other words, it seems quite clear that a substantial proportion of the retirements of older workers in the lower half are really compelled by lack of job opportunities instead of being a matter of voluntary choice.

TABLE 3.—LABOR FORCE STATUS OF MALE CIVILIAN POPULATION, AGE 18 YEARS AND OLDER, LESS THAN 12 YEARS OF EDUCATION, MARCH 1962 AND MARCH 1967

[In thousands]

Category	Year		Absolute change, 1962-67	Percentage change
	1962	1967		
Population [1]	28,291	26,595	−1,696	−6.0
Not in labor force	6,156	6,975	+819	+13.3
Labor force	22,135	19,620	−2,515	−11.4
Employed	20,333	18,727	−1,606	−7.9
Unemployed	1,802	893	−909	−50.4

[1] Civilian noninstitutional population.

The crucial point here—and it would be hard to overemphasize its significance—is that a large part of the labor force shrinkage in the lower half, and most of the reduction in the reported unemployment total, was caused by a large increase in "hidden unemployment" in this half of the labor force. My estimate of the 1962-67 increase is 734,000 men.[20] The total decrease in *reported* unemployment, 1962-67, was only 909,000 (see Table 3). Therefore, without this massive shift to hidden unemployment, death and voluntary retirement would have reduced the total unemployed by a relatively small amount, and unemployment rates for the subgroups of the lower half would have declined scarcely at all.

Let me provide a small sample of the kind of evidence that reveals the existence and extent of "hidden unemployment." The years from the 35th to the 44th birthdays are sometimes thought of as the "mid-prime" working years (at least for men). This is generally the most stable age range in the work force; the follies of youth are behind for most, and the infirmities of age are still in the future for most. This is the age range in which labor force participation is generally higher than at most younger and all older ages (holding other differences constant, of course). It is quite illuminating, therefore, to compare long-term changes in the labor force participation rates at different levels of educational attainment within this age group.

TABLE 4.—CIVILIAN LABOR FORCE PARTICIPATION RATES OF MEN, SELECTED EDUCATIONAL LEVELS, AGE 35 TO 44, MARCH 1950, MARCH 1962, AND MARCH 1967

Years of education	Participation rates		
	1950	1962	1967
0 to 4	92.0	91.4	86.6
9 to 11	98.9	97.7	96.3
16 or more	98.9	99.0	99.4

Table 4[21] presents such a comparison for three groups of men in this age bracket: those at the lowest level of educational attainment, those just below the median level, and those at the top level. The differences are not enormous, but they are large enough to convey a significant message. The participation rate for the least-educated group dropped by almost 6 per cent from 1950 to 1967, and—surprisingly—most of the drop occurred in the last 5 years of the period. The participation rate for men with 9-11 years of education also declined from 1950 to 1967, but by only about half as much as for the least-educated. Men in this age bracket with a college degree, by contrast, had a *rising* participation rate trend during these same years. This rise was small, to be sure, because the rate was almost as high as it possibly could be even in 1950; but it crept up even higher, mainly between 1962 and 1967.

Table 4 is presented only as an illustration of a more general point. I will restate that general point. Many technical studies of participation rate behavior have shown that such rates are considerably affected by labor market conditions. When the market is loose—that is, when jobs are hard to find—some job-seekers give up the search for work at least temporarily and fall out of the labor force count, reducing the participation rate. This is commonly called the "discouraged worker" effect. When the market is tight, and jobs are plentiful, many workers who had temporarily given up the job search start looking again; and the participation rate goes up. These effects are strongest among older and younger workers and among women. Therefore, the contrasting patterns of long-run change in participation rates for men in the relatively stable 35-44 age bracket are, in my judgment, a striking illustration of the effects of the labor market twist. And I will say to anyone who is suspicious of the isolated example that a comprehensive, detailed study of long-run changes in all male participation rates by age and education provides strongly confirming evidence of chronic looseness in the lower strata of the labor market and chronic tightness in the upper strata.

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[20] Assumptions and methodology used in making this estimate are presented in "Fact and Fallacy in Labor Market Analysis," *loc cit*. The essence of the method is to calculate what the size of the "lower half" labor force would have been if there had been *no* decrease from 1962 to 1967 in labor force participation rates by detailed age and educational attainment classifications, and to compare this hypothetical labor force (cell by cell) with the actual. (Adjustments were made for "normal" increases in voluntary retirement at age 60 and older.) This is a conservative estimation procedure, because in the upper half of the labor force, most participation rates by age *rose* from 1962 to 1967.

[21] Adapted from Table 2 in "Fact and Fallacy in Labor Market Analysis." *loc. cit.*

There is another kind of evidence which demonstrates the persistence and the strength of the labor market twist. This evidence shows changes in relative incomes[22] for adult men, by level of education, from 1949 to 1966. Table 5 presents the data. In this table, the median annual income of the college graduate in each of the three years is expressed as 100, and the median for each of the other educational attainment groups is expressed as a percentage of the figure for the college graduate. (The medians for all groups expressed in current dollars have risen over time, of course, but my presentation shows the differences in the rates of increase.)

Discussion of the significance of these figures must be preceded by a brief statement of elementary economic principles for the nonspecialist. The income figures may be taken as an approximation of the "price" of labor at different levels of educational attainment (and educational attainment, in turn, may be taken as an approximate indicator of differences in skill levels). The price of a given grade of labor, over the long run, tends to be determined by the relationship between the demand for and the supply of that grade of labor. If the supply of a grade of labor remains constant over time; increasing demand for that kind of labor will tend to produce a rising price; and falling demand with supply constant will tend to produce the opposite result—a falling price. If demand remains constant but supply falls, the price should rise; and constant demand with a rising supply should produce a falling price.

TABLE 5.—RELATIVE MEDIAN INCOMES, MEN 35 YEARS OF AGE AND OLDER, BY EDUCATIONAL ATTAINMENT 1949, 1959, AND 1966

Years of education	Relative income			Percentage changes in relatives		
	1949	1959	1966	1949–59	1959–66	1949–66
0 to 7	[1] 39.3	[1] 33.5	28.3	−14.8	−15.5	−28.0
0	25.1	18.8	(2)	−25.1		
1 to 4	31.0	24.1	(2)	−22.3		
5 to 7	46.2	40.0	(2)	−13.4		
8	57.5	50.8	46.0	−11.7	−9.4	−20.0
9 to 11	66.2	63.4	60.8	−4.2	−4.1	−8.2
12	74.5	71.1	70.4	−4.6	−1.0	−5.5
13 to 15	80.0	78.2	78.4	−2.3	+.3	−2.0
16 and more	100.0	100.0	100.0			

[1] These 2 figures are relatives of weighted means of the medians for the 3 subgroups (0, 1 to 4, and 5 to 7 years of education); the original sources do not present a median for the combined group for 1949 and 1959, and the source for 1966 does not present medians for the subgroups.

[2] Not available.

Sources: 1949, U.S. Census of Population, 1950: vol. III, Special Reports, pt. 5, ch. B, table 13, pp. 128-29. 1959, U.S. Census of Population, 1960; Subject Reports, Educational Attainment, final report PC (2)-5B, table 6, pp. 88-89. 1966, Current Population Survey, P-60/53, table 21, p. 39.

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[22] Admittedly, data on earnings (which are not available) rather than income would be preferable for my purpose here. For example, the men at higher educational levels probably have more investment income than those at the lower levels, and it can be argued that this factor makes the relative differentials somewhat larger than they would be if only earnings from employment were considered. I doubt that this factor has made a very substantial contribution to the *widening* of differentials over time. The investment income of the better-educated is at least partially offset by transfer payments to the less educated such as welfare allowances, unemployment compensation and the like, which have increased greatly in the past two decades.

Table 5 tells us that the price of the top grade of male labor has risen over time relative to every other grade. However, the difference between the relative price for college graduates and the next two lower groups (12, and 13–15 years of education) did not change greatly during the 1949–66 period. But the decline in relative prices for the groups in the lower half of the labor force has been quite substantial; and the lower the grade, the more rapid the rate of decline relative to the top grade. In 1949, the price of a year's work by the average male college graduate was about 2½ times the price for a man with less than an eighth grade education; in 1966, the college graduate's price was about 3½ times the price for the man at the bottom. And what was happening to the supply of these different grades of labor while the price differential was widening in this way? From 1950 to 1967, the male labor force group with less than 8 years of education decreased by one-half—from 10.8 million to 5.4 million; and in the same period, the number of male college graduates in the labor force more than doubled—from 3.0 million to 6.2 million. Surely the widening of income differentials in the face of these massive changes in supply is exceedingly powerful evidence that the patterns of demand for labor were changing even more rapidly than supply. And that is the basic argument of the labor market twist thesis.

Let me paint in a few broad strokes the picture which emerges from this unavoidably lengthy and somewhat technical analysis. During at least the past two decades, the growth patterns of our affluent society have created vastly different conditions in the upper and lower sectors of our labor market. Less-skilled and less-educated workers have faced conditions of shrinking job opportunities and chronic looseness in their part of the labor market. Their reported unemployment rates have risen relative to those in the upper sector; and hundreds of thousands of them, perceiving the search for work as futile, have stopped looking, even though many or most of them—especially those still in the prime of life—are undoubtedly still able and willing to work. The great majority of the workers in this lower sector still have jobs, of course; but the increasingly bitter competition for the shrinking job supply has retarded increases in earnings; although those still employed in this labor market sector are better off economically than they were two decades ago, they have had a much smaller share than their brethren in the upper sector in the increasing bounty of an affluent society. Higher-skilled and better-educated workers have lived in a quite different world—one with abundant and growing opportunity, with falling unemployment rates, with a chronically tight labor market which has drawn into employment increasing percentages of the mature population and has rapidly pushed up already high earnings levels.

It is worth noting that most writers on economic issues and most government policy-makers have spent their lives in the benign climate of the upper level of the labor market and have no conception of the depressing realities of the lower level. That is one reason why it seems entirely plausible to them to take it for granted—to cite one current example—that if we merely provide a modest economic incentive and a little training, many thuosands of welfare clients will rush right out and get jobs. Despite all of the data-gathering, all of the writing, all of the speeches of the past half-century, far too many of us still don't really know about how the other half lives.

Before proceeding to specific comments about the manpower proposals which this Subcommittee is presently considering, I want to offer some observations concerning probable unemployment developments over the next 15 months and over the longer term as well. I am not a professional economic forecaster, but I have learned one trick of that trade: to guard yourself well with "ifs." That kind of precaution is particularly in order today, when the experts cannot agree on whether we are in the early stages of a recession or are merely in a slowdown. Some changes in fiscal and monetary policy have already been announced or broadly hinted. Some of the demobilization plans already announced—armed forces reductions and defense spending cutbacks—could be changed. Finally, and especially important, we have had no experience with the new 1967 unemployment definitions in a period of substantial long-term unemployment; and we have little basis for judging the extent to which these new definitions will convert the very long-term unemployed into the hidden unemployed.

Despite all of these uncertainties, I believe that there is a near certainty, in the absence of some new and effective remedies for chronic unemployment, that we will see substantially higher levels of reported unemployment over the next 15 months or so. In that time span, an already loose labor market will have the task of absorbing the normal labor force growth of two million or more workers, and will also have the extraordinary task of redeploying more than a million released servicemen and dismissed defense plant workers. Even if the recent decline in total employment is checked immediately, a resumption of growth is not expected before sometime in the second half of the year. And the slow growth rate that is projected thereafter will not create enough new jobs fast enough to prevent a continuing rise in the reported unemployment rate.

Even if we avoid a major recession, and even if we use the "new" yardstick, there is a strong likelihood that the unemployment rate will be above 5 per cent before the end of this year and will approach 6 per cent by mid-1971. That is the relatively optimistic view. If Milton Friedman is right when he argues that we have already virtually assured a recession by excessively prolonging the "tight money" policy, an unemployment rate of 7 or 8 per cent by mid-1971 would be well within the range of reasonable possibility. That is the relatively pessimistic view.

We may assume that the Nixon Administration is sensitive to the political hazards in a "Republican recession." Therefore, we may expect reasonably vigorous application of fiscal and monetary policy if unemployment rises as high as 6 or 7 per cent. With a rate that high, this kind of attack on unemployment would be justified and partially successful. But the strongest stimulation of aggreate demand that is reasonably likely over the next five years will probably not reduce unemployment below the 4½ to 5½ per cent range (the equivalent of approximately 5 to 6 per cent by the old yardstick). The old problems of the economy which helped to produce chronically excessive unemployment between the Korean War and the Vietnam War, and which we have only masked or deferred, are now reappearing. And the largely hidden unemployment problems of the lower half of the labor market, which even a war boom left untouched, are now likely to worsen. This set of chronic problems will not yield to aggregate demand stimulation. Continued reliance on that kind of policy to restore a semblance of full employment will only yield us an unhappy combination of more unemployment and more inflation than we would have to tolerate if we pursued policies that are more responsive to the underlying causes of chronic unemployment.

VIII.

The development of a large-scale public service employment program is the most urgent and the most logical next step in manpower policy. Such a program is not a "panacea" for all kinds of unemployment at all times and all places. I have just indicated my support for measures to stimulate aggregate demand to remedy the part of unemployment which is purely cyclical, or "transitional." And not all of the long-term unemployed will be fitted for, or trainable for, or willing to accept the kinds of jobs available in a public service program. Such jobs, if available in sufficient numbers, will make a contribution to the reduction of poverty; but further efforts will be needed to get at its root causes. A public service employment program is only a part—though an important one—of an adequate program to combat unemployment and poverty.

The great merit of a public service employment program is that it could be aimed specifically at those sectors of the labor market that benefit least from the growth of aggregate demand. The experience of the decade that just ended shows with a fair degree of conclusiveness that the less-skilled and the less-educated reap much less than a proportionate share of the benefits of economic growth. The surest and most obvious way to remedy the effects of the labor market twist in the lower half of the labor market is for government to set about creating some new jobs there.

Secretary of Labor George Shultz is a well-informed scholar as well as an admirable public servant. But I cannot agree with his recent characterization of a public service employment program as one involving "the invention of work." What we are really talking about is the invention of a way to pay for work that badly needs to be done but which cannot be financed through the market system. We have always recognized this need for certain kinds of jobs, such as policemen and firemen. But our faith in the powers of the market system has led us to leave undone, or inadequately done, many things that cannot be managed through that system. The deficiency has been especially marked in those fields—technically called "labor-intensive"—in which human beings are needed to help other human beings who can't pay for the services. The field hearings which this Subcommittee has already conducted have already brought to light a number of examples. Witnesses have pointed out unmet needs for school aides; probation and welfare field workers; medical outreach workers for programs in preventive medicine; hospital aides; manpower training aides; and community workers for fire and police departments. Finding useful work to do in the public sector will probably be one of the lesser problems of a public service employment program.

Administration spokesmen have repeatedly asserted in recent weeks that a public service employment program is provided for in the Administration Manpower Bill. You have to look hard to find it. Under the Administration proposals, public service employment is one of the many kinds of programs on which state and local authorities may spend their share of manpower funds. To the extent that significant funds are spent on public service employment, expenditures on the other types of worthwhile manpower programs will necessarily be curtailed. In many states and localities, there is a strong likelihood that individuals and groups, with vested interests in established programs would combine forces to defeat any attempt to drain funds from their own programs in order to set up a new program of public service employment.

To give a public service employment program a fighting chance of success, a special appropriation and central planning in the Federal government are essential. A number of different approaches should be thoroughly tested, and the tests should be carefully monitored. Obviously, it will be essential to place heavy reliance on State and local authorities to develop specific proposals and to administer the programs on a local basis. But the emerging problem of chronic unemployment is national in scope and has its origins in powerful forces that are reshaping the whole economy. Federal direction and coordination, rather than spotty and uncoordinated local initiatives, are needed to make a public service employment program fully responsive to the national problem that it is intended to alleviate.

As I have previously suggested, there is a close and logical connection between the welfare reform proposals and a public service employment program. One of the basic assumptions of the welfare proposals is that with a monetary incentive and some training, tens of thousands of welfare recipients will get jobs in the private sector of the economy; and if there are not now enough jobs for all who seek them, the argument runs, "economic growth" will create the jobs. The basic flaw in this approach is that, even with training, the vast majority of the job-seekers from the welfare rolls will necessarily be looking for work in the lower half of the labor market—and job opportunities there continued to shrink even during a period of record-breaking and unsustainable economic growth. Obviously, we should not plan to move all employable welfare recipients onto public payrolls permanently. No doubt some will find it possible to move into private sector jobs. But the prospects of all workers in the lower strata of the labor market would be greatly enhanced by a government program specifically designed to strengthen the demand for low-skilled, poorly-educated workers by financing useful jobs for them.

In 1963, the Senate Subcommittee on Manpower conducted extensive hearings on "The Manpower Revolution." Some witnesses in those hearings predicted that tax-cutting alone would not cure chronically excessive unemployment. A much larger manpower program was an equally essential component of a full employment program, they argued. Such predications no doubt contributed in some degree to the great expansion of manpower programs that ensued—from a Federal outlay of $380 million in fiscal 1964 to an outlay of more than $2 billion in fiscal 1969; and these programs obviously made a substantial contribution to lower unemployment rates in the late 1960's. So those 1963 prophecies were in some measure self-defeating. If my predictions today that we face a growing problem of chronic unemployment are made to appear false by the adoption of effective remedial measures, I will welcome that kind of defeat.

Mr. KILLINGSWORTH. I want to analyze the economic basis for a public service program. I think the chief point that emerges from my analysis is that we never really solve the chronic problem of excessive unemployment that we were so aware of during the late 1950's and the first half of the 1960's.

I have undertaken to demonstrate in the prepared statement how we handled this problem. It is my view that we simply masked a part of it and we have ignored a considerable part of it.

Now these devices that we have used to apparently cope with this chronic problem are losing their effectiveness for several reasons.

I would like to summarize by going to a paragraph on page 9 of my statement. Let me summarize by saying that when I refer to a masking of unemployment, I refer to a change in the definitions, two changes, as a matter of fact, and one change took place in 1965 when a decision was made to count the enrollees in certain manpower programs as employed.

Previously, and in the historical statistics, people in comparable programs had been counted as unemployed. But beginning early in 1965, that definition was changed.

That had the effect of time as enrollment in these programs expanded of reducing the reported unemployment rate by four-tenths of a percentage point.

There was another set of definition changes in 1967 which was particularly noticeable for reducing the count of long-term unemployed.

And the net effect of the changes in definition in 1967 was to reduce the reported unemployment rate by another two-tenths of 1 percent.

So that together these definition changes account for six-tenths of a percentage point in the decline in the unemployment rate from January 1965 up to the present time.

A second effect, major effect, on the reported unemployment rate has been the Vietnam escalation. There was an expansion in the size of the Armed Forces that came to 900,000 men from early 1965 to the peak in late 1968.

Going along with that there was a sudden jump in college enrollments of males, young males, full-time students, not on a payroll and not seeking work which came to about 185,000.

And I say this was really a side effect of the draft. So that more than a million young men have been held out of the civilian labor force as a result of the Vietnam escalation.

Making allowances for offsetting factors, and so on, I say the minimum effect of that Vietnamese escalation comes out to five-tenths of a percentage point. So that summing up the effect of these two major factors on the unemployment rate, we get a total of 1.1 percentage points reduction in the unemployment rate which is more than half of the reduction that took place between 1964 and 1968; that is, we went from 5.4 percent to 3.5 percent—3.5 percent being the average for 1969.

That is a total reduction of 1.9 percentage points and 1.1 percentage points are accounted for by the changes in definition and by the increase in the Armed Forces plus the side effects.

There were other effects also of course of the Vietnamese escalation. We created 1,400,000 jobs in the defense plants, according to the Department of Labor estimates.

The significant thing about that increase is that it had a remarkably high proportion of blue collar workers in the total. In our economy generally, in 1965, about 40 percent of the jobs were classified as blue collar workers.

But in this expansion of 1,400,000 jobs, 60 percent of those were blue collar jobs.

So that the expansion of defense production had a large role in relieving then what we had seen during the 1950's and 1960's as a gradual erosion of blue collar job opportunities.

I believe that we are coming, I think it is clear, to a point in time when these special factors that have given us apparent relief and apparent cure for chronic employment are beginning to loose their effectiveness. I will not try to go through all of the details.

Let me summarize some of the more important changes. We have already had the announcement of a planned reduction in the size of the Armed Forces, 550,000 over the next 18 months. And my examination of the figures suggests that we may be ahead of schedule on that. From December to February there was 100,000 reduction, apparently not accountable for by seasonal factors.

I think we have kind of an early warning signal in the fact that the unemployment rate for workers 20–24 went up from 5.8 to 7.3 percent in exactly that same period. In other words, I am suggesting that the apparent relief from excessive unemployment, particularly among younger workers, is now being offset by pumping back into the civilian labor force large numbers of younger veterans.

These young veterans I might say are coming back to a situation quite different from the situation we had just after World War II and just after the Korean War. I believe that the labor market is already considerably looser than it was after World War II and after Korea, if you use the same yardstick that was applied in those days.

By that yardstick our current unemployment rate is comparable to a 4.8 unemployment rate in the fifties, or in the 1940's.

Then as I am sure you gentlemen are aware, we have had a much lower utilization of the GI bill by the Vietnam veterans than by the World War II veterans and the Korean War veterans.

The present rate is estimated at between 20–25 percent compared to 42 percent for Korean veterans and 50 percent for World War II veterans. Of course there has just been a liberalization of those benefits. By my conversations with my own graduate student undergraduates as well leads me to believe that this liberalization will not result in a great increase in the participation in the GI bill by these groups.

The bill still is not as generous particularly as the one after World War II. Then there is a third factor that again makes a difference in the situation of the returning veterans. That is the great wave of teenagers that hit our labor market in the 1960's now entering the 20–24 age bracket.

I think what we saw as a teenager unemployment problem in the 1960's, partially met by the Neighborhood Youth Corps, is now emerging with a softening of the economy as an unemployment problem for young adults.

So the veterans, most of whom are in this 20–24 age bracket are coming back to an already loose labor market where they will be competing in the labor market for a declining or at best steady number of jobs.

And they will be competing with large numbers of laid off defense plant workers, more than a million, and—excuse me. Let me correct that. The defense plant workers are estimated at 640,000, military base layoffs will be another 130,000.

So that actually the layoffs from military cutbacks will be 770,000.

Most of the impact clearly will be in the blue collar sector of the labor market because of the heavy impact of defense spending on that particular group.

So the result of this combination of forces in the 18 months ahead has led me to what some may regard as a rather pessimistic view as to the likely developments in the area of unemployment.

It seems to me that even if we had a basic shift in the national economic policy today, we have already virtually assured an unemployment rate rising above 5 percent by the end of 1970, and it is likely even under the most favorable circumstances—and I am barring here, of course, the adoption of a major public service program or some other policy change—reasonably likely that we will have an unemployment rate that is close to 6 percent by the middle of 1971.

That is assuming that we avoid a recession. If those economists who predict that we are already in for a fairly severe recession are right—and I am neither agreeing nor disagreeing with them at this point—but if they are right it seems fairly clear then that unemployment rates of 7 to 8 percent in 1971 are clearly within the realm of possibility.

There is one final point that I would like to emphasize and that is the aspect of unemployment that we have ignored during the 1960's.

We have economists particularly who have taken it for granted that there has been a very widespread benefit in terms of employment and lower unemployment as a result of economic growth during the 1960's.

And I believe that it can be rather clearly demonstrated that the benefits of economic growth were not as widely distributed as is generally assumed.

My conviction is that even during the 1960's we had a continuation of what I have called the labor market twist. That is, a set of forces at work in the labor market that has pushed up the demand for skilled, well-educated workers, and has at the same time pushed down the demand for low skilled poorly educated workers.

I think the operation of this twist during the 1960's is well illustrated by the table I have presented on page 21, which shows that while employment, number of jobs held was increasing very substantially, for the sector of the labor force with 12 years or more of education, for most of the groups with less than the median education, in other words those with 11 years or less, the picture was one of steadily declining employment.

Of all of the jobs that we created for man and this table relates to man, but of the new jobs created for man between 1962 and 1967 and as shown in this table, 95 percent went to the upper half of the male labor force, meaning those with the high school diploma or better.

If you look at the very top level, the college graduates were roughly the top fifth of the male labor force in 1962 and this top fifth got double their proportionate share. They got 40 percent of the increase in jobs during this 1962–67 expansion.

The way in which this set of forces has operated has to be—has been increasing substantially the amount of hidden unemployment in this lower half of the labor force.

That has been the principal response to a chronically loose labor market for the low skilled and poorly educated. They have simply been dropping out of the labor force count.

Most of this is quite unconscious and the changes in definition have had something to do with that. What that means is that we have large numbers of people, several hundred thousand men, who are in the prime working ages, who are willing and able to work, but who do not get counted as unemployed for the reason that they have given up the active search for work as it is defined by the census takers.

My estimate is that between 1962 and 1967 this number of hidden unemployed in the lower half of the labor force increased by 734,000 men. If it had not been for this large increase now in hidden unemployment, there would have been virtually no change in the reported unemployment rates.

As it was, the reported unemployment rates went down. But that was I say highly deceptive. During this same period, the relative earings for the less educated man in the labor force, their relative earnings have been going down while the relative earnings for the better educated, more skilled workers have been going up.

Just let me give you one example that I think is quite striking to illustrate that point. From 1949 to 1966, the price of a year's work in 1949 by the average male college graduate was about two and a half times the price for a man with less than an eighth grade education, 0 to 7 years of education.

By 1966, the price on the college graduate for a year's work was three and a half times the price for this less educated man.

So that the differentiation was widening very substantially during this period of great economic growth. This is all the more striking I think when you look at the changes in the supply of these two grades of male labor.

The male labor force group from 1950–67, male labor force group at the bottom, less than 8 years of education, decreased by one-half. In other words, they got scarcer. They went down from 10.8 million to 5.4 million. Decreasing supply, if demand had remained constant, would have caused an increase in relative price.

Instead there was a decreasing relative price for this group.

During this same period the number of male college graduates more than doubled, went from 3 million to 6.2 million. So where we had a greatly increased supply at the top of the labor market, yet relative earnings continued to go up and unemployment rates continued to go down.

So that I think we have had even during the soaring sixties, to use one popular phrase, we have had a picture of chronic looseness in the lower half of the labor market. But the situation worsened for those with the less educated and the least skills.

We have had declining relative earnings for this group. And at the same time, in the upper half of the labor market we have had increasing and abundant opportunity.

So many of the jobs and such attractive jobs for these people in the upper half that the labor force participation rates, that is the percentages of these people actually counted in the labor force, have tended to go up instead of going down. As was the case in the lower half. And their relative earnings have risen also.

I think we have ignored this great contrast, this sharp contrast in these two sectors of the labor market. Because most of us who write and talk about economic issues have lived all of our lives in this benign climate of the upper half of the labor force, we tend to think it is that way for everybody.

So the result is that we just almost casually make the assumption that if we will only provide economic incentive even then thousands or tens of thousands of welfare clients will rush out and get jobs, which we assume are as plentiful for this group as they are for those of us in this more fortunate upper half.

I think we still have not formed a very clear idea of how the other half lives. So all of this, the reemergence of some of our chronic unemployment problems prior to Vietnam, and the continuation of this labor market twist led me to a strong enforcement of the idea of public service employment.

I view that kind of a program as an effort on the part of the Federal Government to increase, to strengthen the demand for labor in this lower half where we have had the chronically loose labor market ever since 1950.

That chronic looseness is going to continue. And the welfare reforms in my judgment without an accompanying program of job creation, sponsored by the Federal Government, these welfare reforms are going to prove disappointing and our manpower efforts are likely to prove considerably less effective over the next 18 months to 3 years, at least, much less effective than they have been during the past 3 years.

I have undertaken to meet some of the what I see as objections to a public service employment program. But I think Mayor Gribbs has anticipated some of my points and covered certainly the need for more services at the local level, covered that more adequately than I was able to do with the perspective of a researcher rather than the administrator of a great city.

I do want to make one point. That is, back in 1963 you may remember the Senate Subcommittee on Employment and Manpower held a series of hearings in which some witnesses, and I have to include myself among them, made the statement that tax cutting alone at that time would not cure this problem of chronically excessive unemployment.

We argued that a much larger manpower program was also essential to a company that expansion here in the fiscal program. Today there are many people who are saying those 1963 predictions were all wrong because we cut taxes and the unemployment rate went down.

It went down even farther than was predicted by the Council of Economic Advisers. Well, of course, I make the point that we also had an increase, a tremendous increase and expansion of manpower programs during that time, just what was being urged in the 1963 hearings.

The Federal outlays for manpower went from $380 million in fiscal 1964 to a total outlay of more than $2 billion in fiscal 1969. I think it is easily demonstrable that this expansion of manpower programs was one of the major factors in reducing the overall national unemployment rate.

So in a sense some of these prophecies in 1963 were self-defeating because they stimulated action on the manpower front which helped to alleviate the conditions that were foreseen.

If these hearings have the same effect of preventing developments that are foreseen in this statement in particular then I think the statement will certainly have served its purpose.

Mr. DANIELS. Mr. Killingsworth, I want to thank you on behalf of the committee for your very detailed and constructive statement particularly in the area of public service. Do you care to make any comment about the three bills before this committee for consideration especially as to the methods to be employed in order to enlarge upon manpower programs?

Mr. KILLINGSWORTH. I believe that all three bills make provision for some administrative reorganizations. They have that feature in common. There are some differences in the way in which they approach that. Congressman O'Hara's bill I know would vest primary responsibility in the Secretary of Labor and leave him a considerable amount of discretion in the extent to which he would delegate operations to State and local officials.

The administration bill provides somewhat more specific and definite guidelines for delegation of the authority to State and local officials. And Congressman Steiger's bill, I believe, perhaps lays the greatest emphasis of the three on setting up guidelines within which State and local people shall operate but then making fairly sure that there will be a decentralization of the manpower activities to State and local officials.

I hope that I have not incorrectly characterized your bill, Congressman. The administration bill and the O'Hara bill both have some provisions with regard to public service employment. The O'Hara bill is much more detailed and in my judgment provides for a very much more ambitious undertaking in the field of public service employment than does the administration bill.

I believe there is no specific reference to public service employment in Congressman Steiger's bill. I hope that is correct.

Mr. STEIGER. It is the same as the administration.

Mr. KILLINGSWORTH. Under the administration bill, and I trust then under the Steiger bill as well, public service employment is one of a number of activities that may be chosen by State and local officials.

In practical operation, it seems to me a meaningful public service program could be undertaken only by cutting back on other programs components at the State and local level.

And I had a little experience as chairman of the Michigan Manpower Development Committee back there then in the early days of MDTA.

These local entities with particular interests in special programs get rather expert at logrolling. Where you have got some established programs that have an established figure and established appropriations figure and somebody comes along and wants to start a new program by taking the money away from these established progress, you have got a pretty hard row to hoe to get that money away from them.

It is my understanding that that is the way in which a public service is or would have to be funded under the provisions of the administration bill and the Steiger bill.

I believe basically that this chronic unemployment problem that we are facing, and particularly this persistent problem of looseness in the lower half of the labor market, this is basically a national problem.

This is not a problem that originates in Detroit. It is not a problem that originates in Chicago or any other local area. These are fundamental forces in our national economy that are producing this problem.

So I think we have here a compelling argument for a Federal approach to the solution of this national problem. And that I believe is what is clearly provided in the O'Hara bill. I think it would be possible, it would be desirable under the O'Hara bill to experiment with a number of different approaches to the administration or the structuring of public service employment programs.

I would hope that maximum flexibility would be provided for so that the administrators can try out several different approaches in different areas and on the basis of experience then build up those approaches that seem most successful, most rewarding, and eliminate those approaches that are not working out so well.

Just one final thought on this general subject here. Where we have a large number of people who cannot find jobs in our present-day labor market, I can see only three alternative for public policy.

They can let them starve. Nobody is seriously advocating that. We can provide a handout for them or we can try to provide useful jobs for them. From the standpoint of the general public welfare, it seems to me that all of those who are willing and able to work should be given a chance to work rather than simply being pensioned off then, so to speak, put on a dole.

Mr. DANIELS. Thank you very much.

You have been extremely helpful. I recognize the gentleman from Michigan, Mr. O'Hara.

Mr. O'HARA. Mr. Chairman, I just say that I think we ought to hold all of our hearings out here. These first two witnesses have been magnificent.

I would like to say, Professor Killingsworth, that I am really not surprised because I know your command of the subject but I am staggered by the information you have produced with respect to the unemployment rate and the extent to which you have covered the different parts of it.

I gather you would say it would be a conservative estimate that you have 0.4 percent hidden by the changes.

Mr. KILLINGSWORTH. The one change in 1965 was 0.4.

Mr. O'HARA. The other change in 1967 was 0.2 and then an additional percentage, perhaps I don't know what, has been affected by mobilization policies.

Mr. KILLINGSWORTH. Five-tenths of a percentage point at a minimum.

Mr. O'HARA. So if you were to take and make that adjustment in the unemployment rate, or simply forget about the distortions caused by the mobilization policy and take the two statistical changes, it puts a far different focus on our current employment and unemployment rate.

Do you think that you could apply that figure with any reasonableness to a labor marketing area the size of a State or perhaps not?

I was trying to figure some interpretation for the State of Michigan which I believe during the month of February had a rate of 6.7 percent using the new yardstick.

Mr. KILLINGSWORTH. If we applied this old yardstick to the national labor market of today, we rise from 4.2 to 4.8 percent. Roughly that is 15-percent increase in the rate by simply using the old yardstick.

So on the rough-and-ready assumption that you would get a 15-percent increase at the State level, and saying the State figure is close to 7 percent, 15——

Mr. O'HARA. It would be about 1 additional percent. I have been doing a bit of quick calculation here. So it would be in the neighborhood of 7½ to 8 percent.

Mr. KILLINGSWORTH. Yes, already in the State of Michigan.

Mr. O'HARA. I suspect that that might be so given some of the reactions I was getting in my trips back. Some of the reports I got from businessmen and such, I had the impression that it again was higher than it seemed to be.

Mr. KILLINGSWORTH. I think this whole business of changing the definitions has led to a large amount of confusion in public discussions.

President Nixon in his last press conference was comparing the 4.2 rate of today with rates in 1965 and 1964 and 1958 and so on. That is like comparing measurements in yards and meters. They just don't mean the same thing.

As I say, if you apply the old yardstick to today's labor market, you get 4.8 which is a degree of looseness that is quite considerably greater than our national authorities are assuming in shaping our economic policies.

The figure 4.8 percent is an unemployment rate that was not reached until we were about 8—no, 7 months into the post-Korean recession. That is something to think about. It is a figure that was not reached at all, if I recall the detailed figures.

It was not reached at all in the post-World War II adjustment.

Mr. O'HARA. I think you performed a great public service by bringing this matter to the attention of the committee.

Mr. KILLINGSWORTH. Thank you, sir.

Mr. O'HARA. I hope that it will receive proper public recognition because I think we must be aware of the magnitude of the problem.

Thank you, Mr. Chairman.

Mr. **Daniels**. I recognize the gentleman from Wisconsin, Mr. Steiger.

Mr. **Steiger**. Thank you, Mr. Chairman.

Mr. Killingsworth, I must say I want to join in—I hope this does not hurt Jim O'Hara too badly—in expressing my thanks to you for this kind of factual, very important paper you have presented this morning.

I think it is exceptionally well done. While I have only been able to read through it rather hurriedly, it does help the committee considerably in its efforts to try to grapple with this problem.

Mr. **Killingsworth**. Thank you, Congressman.

Mr. **Steiger**. I might only say parenthetically that I would hope first of all that those who might wish to use the figures of what the real unemployment might be in comparison to that which is reported would not forsake the fact that then they have to go back to compare the same figures in 1966 or 1965.

I would also say that I would hope that those who are saying that we should further reduce military expenditures then, after it is done, don't then attempt to have their cake and eat it, too, and blame the administration for rising unemployment as well as reductions in expenditures related to Vietnam.

It is a very easy thing to do but I think it would not be terribly good from a public policy standpoint.

Mr. **Killingsworth**. I think those are both quite valid points, Congressman.

Mr. **Steiger**. Let me go very briefly to that point which you said was not unimportant but which you believed and preferred not to discuss in this paper.

That is, to the extent to which the new federalism can improve the workings of the present manpower programs. I have two basic questions: One is do you concur in the belief of those of us who have supported legislation of this kind that there is a need to decategorize our present manpower programs, and secondly, to what extent ought we to decentralize the administration?

Mr. **Killingsworth**. On the first point, I have no reservations on the matter of decategorization of the programs. I think setting up these categories may have served a useful purpose in the early years of the manpower program, but I am convinced that having such a great variety of funding sources and forms and regulations and so on and so on, this is much more of a detriment than a help to the manpower programs as it operates today.

For putting all the money into one pot makes it possible then to move fairly quickly to be responsive to emerging needs.

With regard to decentralization, I must confess that I have somewhat greater reservations there. I believe that there are some States that today do first-class jobs of operating a manpower program with a minimum of Federal assistance and invention.

I would judge that Michigan, about which I know more than any other State, naturally, is one of those States that would be in a fairly good position today to operate a decentralized program.

There are other States in the Union about which I am reasonably convinced they would not do nearly as good a job.

I remember that back when MDTA was just getting underway, I was in fairly close touch with developments in many of the States in those days.

And the contrasts were remarkable. Michigan, I am happy to say, not because of my efforts, but because of the efforts of many dedicated people in the State, was first in many areas. We were the first to sign a contract with the Department of Labor. We were among the first to actually get training programs underway.

The great State of New York, interestingly enough, was quite laggard in the early days of MDTA. I don't know whether that would be the case today or not. But as we all know, there are highly varying degrees of capacity and interest at the State level and at the local level as well.

So that in many States and localities, simply to reiterate, I think decentralization could be carried to an extreme degree to the benefit of the manpower program.

In other States and localities I am very much afraid the manpower program would bog down if we relied mainly on State and local officials.

Mr. STEIGER. Would the administration's concept of phasing in the decentralization make the most sense here?

Mr. KILLINGSWORTH. I think that it would be, yes.

Mr. STEIGER. One other questions, Mr. Killingsworth. I would hope that you would concur that it is possible to both talk about the question of public service employment and what you do with the present manpower programs to decategorize and decentralize, that in this the two are a part of an overall strategy in the employment manpower field?

Mr. KILLINGSWORTH. By all means. I think I have got a statement going something like that somewhere in this very, very long statement.

I do not view public service employment as panacea for all manpower problems, all aspects of the unemployment problems. I am sure Congressman O'Hara would agree that in public service employment, it would be perhaps a fatal mistake from the standpoint of the program, to try to sell it as a panacea, and enact this and have no more problems.

This would be ridiculous. My position is that we have developed fairly well, not to the size that is adequate to meet the need, but conceptually and administratively we have developed institutional training, on-the-job training, various kinds of specialized education approaches, we have developed those reasonably well.

We have laid a solid foundation. We have done really relatively little in this area of public service employment. So it—without any way derrogating the importance of these other programs. I say that in my view today the most urgent area in which to begin to lay a foundation is in this field of public service employment.

This is the greatest lack.

Mr. STEIGER. Thank you very much.

Mr. DANIELS. The gentleman from California, Mr. Hawkins.

Mr. HAWKINS. Mr. Killingsworth, I too would like to join in commending you on a very excellent statement.

Mr. KILLINGSWORTH. Thank you, sir.

Mr. HAWKINS. I have just two questions: One, in reference to the present trend toward the increased unemployment that you predict, you indicated that much of this of course is due to the cutback in defense activities.

To what extent would you attribute any of this to the monetary and fiscal policies that we have had since January of 1969?

Mr. KILLINGSWORTH. I think you put your finger, Mr. Congressman, on one of the great difficulties in analyzing this unemployment problem.

It is a little like analyzing the Mississippi River at New Orleans and trying to find how much of the water comes from the Ohio River and how much from the Missouri River and so on.

You have a great congruence of forces producing the rise in unemployment today. But we can in a sense measure the input from the defense cutback in that we know that armed forces were cut back about 100,000 in just 2 months time, and a very rapid rate of cutback.

We know that defense spending is headed downward and that that is making its contribution, too.

About the best that we can do in measuring the independent effect of fiscal and monetary policy is to assign some value to these factors that are more easily measured, like cutting down the armed forces, cutting back on defense contracts and so on.

Then of course, we can also look at the signs of general softness in the economy, lagging automobile sales, and steel production is down, gross national product in real terms has been at a standstill or perhaps slightly declining now for two quarters.

These in general are the product of fiscal and monetary policy and I think there is a great danger that lies ahead that most economists will attribute all of the rise in unemployment solely and exclusively to fiscal and monetary policy.

The reason that this would be a danger is that this implies if you will turn around your fiscal and monetary policy, you can exactly reverse the effects on unemployment. I just don't think that is true.

Mr. HAWKINS. You don't go to the other extreme, though, and say that the monetary fiscal policies don't have substantial impact on the economy?

Mr. KILLINGSWORTH. By no means.

Mr. HAWKINS. You are simply saying it is more difficult to measure.

Mr. KILLINGSWORTH. What I am saying is that it is a great mistake to attribute the total change in unemployment, let's say from 64 to 69 to fiscal and monetary policy. I would say less than half the reductions was attributable to fiscal and monetary policy during that period.

Similarly today, just as a very rough estimation, I would say roughly half, certainly much less than 100 percent, somewhere in the neighborhood of perhaps 50 to 60 percent of the current rise in the unemployment rate is properly attributable to fiscal and monetary policy.

The other part of the rise I would attribute to these factors that are not related to fiscal and monetary policy in any analytical sense.

Mr. **Hawkins.** Mr. Killingsworth, in discussing the alternatives we face, I think you simplified it by stating that the three options were let them starve, provide a hand out, and the third I think you mentioned was a job.

Obviously the first two are not being claimed as a policy by anyone, but on the question of a job, isn't there a great distinction being made as to whether or not those jobs are going to be provided in the private sector in terms of public employment?

Don't we have the main difference of approach at the present time held by those who believe that by merely stimulating the economy more jobs will open up for this lower half of the labor force?

Do you believe that in such an approach of just general stimulation of the economy creating aggregate demand, et cetera, that this will reach that lower half that you spoke of that has been depressed by recent policies?

Mr. **Killingsworth.** That is one of the points that I would like to emphasize the most. I think we have had an experiment. We have had experience during the 1960's that by all means teaches us a lesson that we should learn.

If we fail to learn it, it will be to our sorrow.

But the lesson is this: We had the maximum feasible stimulation, general stimulation of the economy during the 1960's and we had stimulation of aggregrate demand to such an extent that we got an inflation rate that is at least politically intolerable.

I think no one would care to defend the idea of a permanent inflation rate in the U.S. economy at 6 to 7 percent per year. Nevertheless, that is what we got as a result of our overall demand stimulation during the sixties.

What happened in the lower half of the labor force? They lost jobs. They continued to lose jobs. Ninty-five percent of the jobs from this enormous stimulation of aggregate demand, is 95 percent of the jobs went to this upper half of the labor force.

If we reembarked upon the same course today, I see no reason to expect any different result. We would create jobs by demand stimulation. We have learned that. I don't think there are many people who deny it today. We can create jobs, but the fundamental question is whether do those jobs go?

What are the characteristics of the jobs that are created? The experience of the sixties I think provides conclusive evidence that is as nearly as conclusive as you ever find in economics, that demand stimulation by itself will not create the jobs for the people in the lower half of the labor market?

Mr. **Hawkins.** I assume that basically underlies your suggestion of a public service employment program as being the most logical approach at this time?

Mr. **Killingsworth.** Yes. Just as I told Congressman Steiger, I did not mean to rule out decategorization, some decentralization of the existing manpower programs, certainly I would not rule out intelligent use of fiscal and monetary policy to maintain a steady sustainable rate of growth in our economy.

I think this is an essential part of an overall employment program. But I am saying that this alone is not enough, that to supplement the intelligent use of fiscal and monetary policy we also need a public service employment program.

Mr. HAWKINS. Thank you very much.

Mr. DANIELS. I would like to recognize the presence of a most distinguished citizen of the State of Michigan, a hard working and dedicated Member of the Congress, a man who has proven himself one of the most capable Members of Congress in a short period of time, the Honorable John Conyers.

STATEMENT OF HON. JOHN CONYERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. CONYERS. Thank you very much, Mr. Chairman.

I wish I could welcome you to my district, since my office is located in this building. But untfortunately this is in the 13th Congressional District of my colleague, Congressman Diggs. But I do welcome you here because I can't think of any subject of more importance than this question of what we do with the people of America that want to work.

I commend this committee because I know of its schedule during the Easter recess. I think these hearings are extremely needed. I regret that the entire Congress, that all of our colleagues cannot be made the beneficiaries of the important testimony that you are taking, especially that testimony that you heard here this morning.

It would seem to me that Professor Killingsworth has made some statements that I would not even try to elaborate on. But I would like to ask him to offer any observations about the point that I will make. I would certainly appreciate a response.

First of all, after the eruptions of 1967 here in Detroit, I set about with the help of a good many people inside and outside of the Government to fashion an omnibus bill that initially dealt with several areas of emphasis, all employment related.

The title alone would, I think, indicate our interest. "The Full Opportunity Act." We dealt with several titles, one full-employment opportunity, a comprehensive minimum wage, equal employment opportunity enforcement, the concept of family allowances, adequate housing, fair housing, more effective schools, and full postsecondary educational opportunities.

It seems to me, sir, that all of these are really interrelated considerations. I don't mind giving a great deal of the credit for the title I part of the Full Opportunity Act to my distinguished colleague, Mr. O'Hara who had already introduced a bill on more modest standards.

I might point out here that he is now approaching this subject in the kind of dimensions that I encouraged from the beginning. Putting a million people to work in America is not really an answer to a problem that has many millions of people not working.

So I, at a later date, because I know the committee is pressed timewise—will be testifying before the committee. But it seemed to me that your statement here was about as perceptive a one as we will hope to get anywhere in the many travels that this subcommittee is going to undergo.

I have a great concern about the black communities in this Nation. And the fact, as you well recognize, is that their unemployment rate is not accurately reflected even in the new standards that we talk about as really 4.8 percent.

As a matter of fact, you know that the subemployment and the underemployment rates are many, many times the actual employment rate.

So what is really going on in the black communities of this country is that they are in a state of depression exactly and in some cases actually worse than the Great Depression of the late twenties and early thirties that this Nation knows about.

The black communities have never come out of a national depression. It would seem that the kind of approaches that I have heard advocated by this committee and embodied in our colleague from Michigan's bill seem to take cognizance of the fact that there are different kinds of problems in this whole general bag of unemployment.

I quite agree with you that we have taken, whether we recognize it consciously or otherwise, a very callous approach to people that are not working in this country.

Because I say that they are starving, that there are people unable but willing to find work who are actually starving in the city of Detroit and in many, many other places across this country.

I say they are subjected to the most degrading form of handouts that could be devised. It certainly robs them of any motivation to try to participate in a system that as you have suggested apparently fails to recognize that they are seeking a job. It is a completely different situation from those of us participating in these hearings seeking employment.

So I say that this is a most urgent work of any committee in the Congress. I commend you most heartily for your statement.

Mr. KILLINGSWORTH. Thank you, sir.

Could I call attention to one sentence in my statement? I make the observation that there seems to be an iron law of the labor market, that when disadvantaged increases, it increases the most for those that are already the most disadvantaged. And an illustration of that is the recent estimate by the Department of Labor that if the national unemployment rate rises, by 1 percentage point, in other words, about a 25-percent increase in the national unemployment rate, it will mean an increase in the unemployment rate for Negro adult males of 59 percent.

A 25-percent overall increase, a 59-percent increase for nonwhite adult males.

Mr. CONYERS. I am hoping we will have an opportunity to elaborate on what that transfers into in terms of human tragedy, into social and economic consequences as those of us who live in cities and are trying to hold them together think of what those things and statistics mean.

Thank you.

Mr. DANIELS. Thank you, Mr. Killingsworth, and thank you Congressman Conyers.

Our next witness is Mr. James Keck, general manager for economic development of the Greater Detroit Chamber of Commerce.

You may proceed, Mr. Keck. You may read your statement, summarize it. You do what you think is best.

STATEMENT OF JAMES KECK, GENERAL MANAGER FOR ECONOMIC DEVELOPMENT, GREATER DETROIT CHAMBER OF COMMERCE, DETROIT, MICH.

Mr. KECK. Thank you. Chairman Daniels, members of the committee, I am James R. Keck, general manager for economic development of the division of the Greater Detroit Chamber of Commerce.

We appreciate your coming to Detroit to conduct this hearing and this opportunity to speak on the subject of manpower training legislation.

The Greater Detroit Chamber of Commerce is an organization of 3,274 member firms, representing the business and professional community of the metropolitan Detroit area. We are deeply involved in the manpower arena, with over 75 business members serving on chamber of commerce manpower committees and a staff of 38 persons devoting full time to resolving problems in this field.

We operate a chamber-financed, direct-placement office in the inner city, two offices now under contract with the city of Detroit model neighborhood program and an office administering an NAB, Department of Labor, JOBS contract. We also supply a full-time man to the metropolitan NAB office.

The Detroit business community has indicated and evidenced their commitment to manpower efforts by pledging 35,236 jobs and hiring 48,067 persons under the NAB program since its inception. Contracts involving 6,073 persons have also been awarded to Detroit area employers, with a value of $17,267,063.

Labor unions have also evidenced their commitment and cooperation in these programs by not only signing letters of agreement but in forming consortiums to implement the hiring, training and retraining of disadvantaged persons.

The whole process of manpower training has undergone a rather complete metamorphosis in a relatively short timespan. Congress has been sensitive to the need for changes and these changes and programs have consequently improved with each succeeding piece of legislation.

Many of the earlier programs, and even some being conducted today, have lacked realism and authenticity because they have not involved the recipient of the trained person—the businessman or the employer.

This is especially typical of some institutional MDTA funded training. We have experienced, for example, a case of the number of people being trained far exceeding the possible demand and, in fact, exceeding the number of persons presently employed in that skill in the entire area.

Other cases can be cited where individuals with physical disabilities being trained who could not pass company physical examinations.

This is not an indictment of all institutional type of training but an appeal for realism and involvement of all parties involved in determination of suitable programs, the instruction process and eventual employment. In fact, we see the need for a mass commitment and infusion of funds for institutional type, vocational educational programs in the school system.

The next phase of manpower training led to on-the-job-training programs (OJT) which are still quite prevalent, in the present manpower programs. It is our observation and contention that pure OJT programs for the disadvantaged are unrealistic, difficult to write, administer, evaluate and in the vernacular—easy to gig. Few persons are fired today because of lack of skills.

OJT does not adequately deal with or provide for treating the educational or emotional problems which keep people from reporting to the job or cause him to be fired.

Finally, we arrived at the MA series and now JOBS 70 program. These programs to the business community have produced the best results within certain limitations. Permit me to quickly recite some of these limitations and suggest remedies.

To date, the process of negotiating a contract has been slow and laborious. Guidelines have been established at the national and regional level which often are completely unrealistic in terms of the firm involved, the skill to be taught or acquired, or to meet the needs of the individual.

Because of lack of flexibility, a willingness to allow firms to try new and innovative ideas and techniques, a degree of fixed success or failure has developed. In other words, if all programs provide for basically the same amount of orientation, job-related, basic education, OJT and supportive services they will probably all achieve about the same degree of success.

Efforts to operate outside the guidelines or include other features in a contract can be accomplished by approval of the Regional Manpower Administrator or through Washington but usually only after protracted delays, during which time the employer's manpower needs have changed or economic conditions in the country or his industry have fluctuated.

The use of the nine digit codes from the Directory of Occupational Titles, coupled with the entry level wage and wage at end of training as a means of determining the numbers of hours of training and reimbursement, is an example of a problem area using rigid guidelines.

First I don't believe the Directory of Occupational Titles was primarily or specifically designed for this purpose.

Secondly, it does not take into account where the individual trainee stands on the ladder of educational attainment or ability. It also ignores the specific training problems involved in that job or in this company providing the job.

Where companies have the facilities and have attempted it, vestibule training has proven a most effective means of training. It is best accomplished by using a training reimbursement (salary when in training) but is not provided for in today's programs.

This training reimbursement is usually lower than the company starting wage to provide incentives to move out of this status as quickly as possible but this fact also mitigates against the amount of reimbursement to the company.

We concur in and applaud the basic concept of these programs to find, hire, train and retain the basic truly disadvantaged. We question the applicability of national guidelines based primarily on economic status.

Even a part-time carwasher in Detroit is often above the economic guidelines. We also encounter many cases of sharecropper or parolees, temporarily living with blood relatives, who are disqualified by the guidelines.

It can be said that most of the people hired in entry level positions in the past few years have been disadvantaged but many have been bypassed because of the guidelines.

Another area of considerable concern to business is the upgrading procedure and provisions of existing programs. Upgrading programs should be available on a unilateral basis. It should be available to a firm's entire work force when it creates opening in entry level positions and not tied to a percentage of employees previously involved in the program. Also the government is trying to fly in the face of union management relations when it specifies the individual must be capable of advancing two grade levels and receive a 10-percent increase on completion of the program. Many jobs in industry have only a 5-percent increment, which would violate the 10-percent provision.

There are some who raise the question, "Isn't it the responsibility of business to provide the training and funds for upgrading their own work force?"

Let's go back again to the caliber of many in today's work force and answer with another question, "whose responsibility was it to teach those individuals how to read, write and do simple math in the first place?

Here again is a great opportunity not available in the present program. Most of the programs, by design and limitations, bring the new employee only to entry-level status. In times of an economic slowdown such as we are experiencing today, rather than lay off or discharge this most recently hired and trained person, a program should immediately be instituted to further train him.

This could be accomplished by coupling his unemployment compensation and a training allowance, giving him more to sustain himself and his family. Keep him involved with the company and provide him with better opportunities in the work force when production resumes to normal levels.

There is still another area which has concerned us in the availability of manpower training. This applies to the newer company who has possibly emerged as a minority enterprise with the assistance of bank loans, economic loans and SBA assistance.

This firm has not established a Dun and Bradstreet rating and does not have a work force at all or is of insignificant size to make 25 percent ruling currently in force of benefit to the company or the possible training necessary to build a productive work force. It would appear that sometimes Government assistance programs are in conflict.

A real problem can also exist in the present method of reimbursement to a company or to a consortium. Some up front or start up money should be made available. In our own case at one point in our program the Department of Labor owed us $327,000. Payment has been delayed as long as 120 days. Our organization was fortunate in that we could and did reimburse the employers and subcontractors in a shorter period of time.

I have purposefully not commented on the specific bills before Congress for several reasons. One such bill appears to have many good features. Secondly it is difficult to envision just how practical the administration of these bills might be under the systems set forth by the authors.

I realize there is some difference in philosophy where the administration would be housed and how the programs would be run. This does not concern us as we have found that no one has a corner on the market for either competency or incompetency.

We have found individuals with great competency at the local, State, regional and national level and vice versa. It really depends on the individual and how realistic rules, regulations, and guidelines have been established and then applied.

The more levels of government and agencies involved, the more chance of buck passing and delay in reaching decisionmakers. Also the system of appeal on decisions has been quite loose in the past. What really is involved is to utilize the maximum resources in the planning stages of these programs. We would respectfully suggest a system involving the local communities with the mayor appointing an advisory committee involving labor, business, and Government and local institutions to plan and evaluate programs and guidelines.

The same at the State level with the added ingredient of coordination. The Department of Labor would then utilize the same resources at the national level to review and administer the programs.

Please allow me to reiterate our appreciation for this opportunity and to again compliment Congress and the administrative branches of Government for the excellent progress accomplished in manpower training programs in recent years.

I believe we all have mutual goals which can be accomplished through mutual trust and diligence in attempting to make these programs even more productive and meaningful to the disadvantaged and to the recipient of the trained—the business community.

I thank you.

Mr. DANIELS. Thank you for a very fine and brief statement. The gentleman from Michigan, Mr. O'Hara.

Mr. O'HARA. Mr. Keck, thank you very much. I appreciate your statement. It is an expression from someone who has had a great deal of experience working in these programs. I know of your work because I have had occasion to work with you in a small way a couple of times.

But I do appreciate this commentary because I think it is helpful. I recognize the kinds of administrative problems that have arisen in these programs that we ought to try to deal with.

I wish we had more time, Mr. Chairman. Because of the fact we do not, I would refrain from questioning.

Mr. KECK. While we don't speak specifically to the bills, we think Congress usually implies the intent of the bills and they ought to get some feedback as to how they are administered and what the problems are.

If it needs to be spelled out in the bills themselves, then Congress can be more specific.

Mr. O'Hara. Thank you very much.

Mr. **Daniels**. We recognize the gentleman from Wisconsin, Mr. Steiger, at this time, author of one of the bills.

Mr. **Steiger**. Thank you, Mr. Chairman.

Mr. Keck, which NAB JOBS contract have you got?

Mr. **Keck**. The chamber of commerce MA 3. This is for 1,000 persons. Nine hundred and seventy.

Mr. **Steiger**. It is an MA 3 contract for 970 people doing what?

Mr. **Keck**. This is a consortium. We presently have involved 50 some employers with over 70 job skills. Mr. Grimshaw there at my left is the administrator of that consortium program.

Mr. **Steiger**. What is the value of the contract?

Mr. **Keck**. $3,104,000.

Mr. **Steiger**. Secondly, in your statement, you discuss very briefly on page 2 the question of institutional MDTA funded training.

Are you referring to the McNamara skill center?

Mr. **Keck**. To some of those programs, yes, specifically.

Mr. **Steiger**. What may I ask has been the problem with that skill center and to what extent is the business community involved in helping to develop a program in that operation?

Mr. **Keck**. I served for a period of about almost 2 years on the skill center advisory committee along with several other members of the business community as well as educational community and the labor force.

The skill center here to me is an excellent facility which has some real problems of administration. It is a product of the employment security commission, the local school board, and the State vocational rehabilitation group, which is no one actually responsible for nor with the latitude that it should have.

As a result there have been many problems created down there on the part of the students not being able to get answers to questions which they might have as to the administration of the school.

The employees have tried in some cases to utilize the services of the programs for the various training functions and have not had the input from the employers, as to the type of instructions, machinery, the classes and methods to be taught.

So as a result it has not been proved to be as satisfactory and productive as they possibly could be.

The advisory committee started getting in a little bit deep in the minds of some over the area of advice and as a result they were not even thanked or dismissed. They were just disbanded by the local school board.

So our contacts have been rather cut off because of some arbitrary decisions made at the skill center.

Mr. **Steiger**. You do agree that there is a very real need to involve institutional training?

Mr. **Keck**. Very much so, as long as it is meaningful and reasonable and there is some input by all parties involved.

Mr. Steiger. Given the present employment problem faced in Detroit, do you anticipate completing your JOBS contract No. 1 and secondly, given your experience in this whole operation, with an economic downturn, is it viable to maintain the NAB–JOBS concept?

Third, what has happened as a result of the cancellation of the Chrysler JOBS contract?

Mr. Keck. I think there is some misinterpretation. I don't wish to speak for Chrysler.

Mr. Steiger. Should I say renegotiation?

Mr. Keck. Renegotiation and reallocation of the funds.

Because Chrysler did have to make some renegotiations and they received very favorable consideration by the Department of Labor. Not all of those funds will be expended in the local community or benefit the unemployed.

In answer to your first question about our ability and our anticipation of completing our MA 3 contract, we of course have not been able to keep it up to the standards, the 100 percent standards or the 90 percent standards which we have hoped to be able to achieve.

We have had to involve new employers. As we get down the line it has been impossible for them to get enough days of training left under the contract.

This is one of the unfortunate things that some of these contracts cannot be extended, where it is completely at the mercy of economic conditions, where the employer or the consortium is trying to produce and yet your contract runs out on August 14. Then there are only so many days left in which training can be done.

We know there are employers today who are ready to go on an MA 3 or a JOBS 70 program and we have recently modified our contract and arrangement with the regional manpower office.

We are finding that there are still jobs in the community today, direct placement jobs and jobs for which training is necessary in order to qualify a person for this job.

So it is tough, it is much tougher today, but it is still possible and I do see the NAB process as being one which can still go on and successfully.

Mr. Steiger. You have a goal of 973. What is the number that have actually been hired, trained, or trained and hired and placed for which payment has been received?

Mr. Keck. 2,000 actually recruited on some phase of the job for varying degrees of time. I can't give you the exact breakdown right now as to the reason for termination or where they were lost in the process.

We do have those statistics.

Mr. Steiger. Can you tell us how much?

Mr. Keck. We are billing for 549 right now for the last several months.

Mr. Steiger. To what extent has the $3,104,000 been expended?

Mr. Keck. 1.8 I believe, at the present time.

Mr. Steiger. Thank you.

Mr. Daniels. The gentleman from California, do you have any questions?

Mr. Hawkins. In deference to time, I will pass, Mr. Chairman.

Mr. Daniels. Thank you very much.

Our final witness for today is Mr. Charles J. Moskowitz, chairman of the Manpower Committee, NORCAP, Inc., Mount Pleasant, Mich.

STATEMENT OF CHARLES J. MOSKOWITZ, CHAIRMAN, MANPOWER COMMITTEE, NORCAP, INC., MOUNT PLEASANT, MICH.

Mr. Moskowitz. This is a community action agency in the northern half of the lower peninsula of Michigan. It comprises 30,000 square miles and approximately 500,000 people in a contrast to, say, Detroit, which is a few square miles with many more people.

My background is not in the manpower area. It is in the physical sciences. I have been president of a private nonprofit corporation sponsoring mechanism for the U.S. Department of Labor programs in northern Michigan.

The basis for which I am here is for the mechanics, the implementation of manpower programs, how they affected us, and I will use brevity.

The first program in the Nation for a rural program was at the NORCAP in northern lower Michigan, in the eastern half of the Upper Peninsula. The communication of June 5, 1967, from the Department of Labor stated specifically "the enclosed copy of contract 671 is the first of the subcontracts to be defined, definitized."

Through two CEP programs we have expended approximately $3.3 million and we have placed into meaningful employment more than 2,000 disadvantaged persons.

The contract goal set was 1,000 people in meaningful employment. Our costs and one of the bases of my being here today is the allegation that as a prime contractor of CEP in Michigan, we had prohibitive administrative costs. This is false. The cost of training and placement into employment, for example, from November 1, 1968, to February 28, 1970 in our CEP program was $11,070 for 1,148.

We have said on each person we saved approximately $530 for each enrollee. NORCAP today in Michigan is not the prime contractor; the CEP 3 program, the prime contractor today in Michigan is the State agency, the Michigan Employment Security Commission.

Their projection costs—and only placements that are being made by the job developers of the OJT component are over 100 percent left over from the CEP 2 program—their projected cost is $2,500 per head, and the program no longer has the concentrated aspect of the prior administration.

There are six centers of operations. Heretofore, we operated for the poor on four college campuses and two peninsulas of Michigan. Today, the CEP has dwindled in my opinion. The three branch offices of the State employment service are on either peninsula for a total of six with surrounding contiguous counties not relating to the statistical justification of where the hard-core rural poor live in Michigan.

What is interesting, the State employment service in Michigan has a projected goal of 600 placements in the remaining 10 months of their contract and our goal was 1,000. It is a reduction of 40 percent at the same cost. Yet, this administration alleges that our operational costs are greater and therefore there is no justification for an organization such as ours to continue as a prime contractor of this type program in Michigan.

Another interesting aspect under the new guidelines from the manpower administrator, it is my understanding the CEP 3, the State employment service, will be allocated 47 percent for administrative costs and 4 percent would go to supportive administrative costs to CAPS.

The eight clusters in northern lower Michigan and those clusters in the Upper Peninsula and, unbelievably, but for 5 percent of the monetary effort, they have got the responsibility tentatively of the outreach, the coaching, the followup, the Operation Mainstream, the Neighborhood Youth Corps.

It is an inequity. To this day, there is no existing agreement in Michigan between the State employment service and any CAP agency in this State to supply subcontracting referral services to the CEP.

In the CEP 2, one of the viable aspects was the contract grant of 426,030 for MDTA training. We had 353 people identified. The contract was effective November 1, 1967, and not until August of 1969 did the first MDTA class assemble and commence.

At the end of our program, in a desperate effort we attempted to establish or put the pressure so it would be established with the State employment service, a nurse's aid course for 35 identified people with jobs available upon completion of a 1-month training program.

This did not happen and bulk of the MDTA funds which operate basically through the State employment service were deobligated to the U.S. Treasury.

For all practical purposes, in our State CEP 2 the State agency was not doing the job here and in Michigan today this is the new prime contract of the CEP program with us being the first of the CEP sponsors in the Nation, in the rural area, with a tremendous fiscal record and a history of having in each contract exceeding our goals in the placement of the hard core into meaningful employment.

I could go on. But a few of the remaining key points. Under the new guidelines from the manpower administrator in Washington even if we were prime contractor, there really is not much you do anymore; 85 to 90 percent of the manpower package goes to the State employment services with its inherent flexibility, its folding chairs, its yellow lines, its 8 to 5 o'clock, when historically our people have gone to the home of the poor at 6 in the morning.

We have put them in the car and dug deep, bought tires.

We have been in cars and buses that people live in as homes. In Oscata County, we have one family on record that lives in a cave in the earth.

Our concern, and it is without prejudice, is that the inflexibility in State agency life will not reach out to these people who heretofore prior to the wisdom of the Congress in the sixties were never reached out to or embraced for their needs and their hopes and aspirations for a better life.

For my philosophical beliefs in strong drives, we have learned of the loss of our concentrated employment program. On January 9, 1970, when the Department out of the regional office in Chicago and again there is no rancor and on my part, issued the 36-page report the summations of the reasons that NORCAP or whomever should not longer be a prime contractor in Michigan with 24 of the paragraphs a massive personal attack upon me.

And after 3 years of identification, I have never drawn a paycheck but I have accepted the challenge and I always shall.

Today, NORCAP, the last major ongoing program we have—and I am speaking of the mechanics, not the theory—is an on-the-job training program where historically since November 1966 we have placed approximately 700 people into meaningful training in job situations.

The cost per person is less than approximately the direct costs, $300. Yet, I know as do members of our board that arbitrarily and capriciously, irrespective of the fact that our job developers are assisting the State employment service in their CEP 3 program, placing the 143 leftovers, which is the only movement in the CEP program today in rural Michigan, that they will be arbitrarily and without justification in my opinion terminated if they are lucky or if they last that long, on July 31, 1970.

Mr. Chairman, I am powerless to prevent this. But I look to the good intent of Congress to keep good programs for people of need alive through your good judgments, and I conclude by saying I am very appreciative of the chance to appear before you.

And my final thought, I wish Godspeed to the O'Hara bill in the Congress of the United States.

Mr. Daniels. Thank you, Mr. Moskowitz. I am very appreciative of the fact you brought this problem to our attention.

I recognize Congressman O'Hara.

Mr. O'Hara. Thank you very much, Mr. Moscokitz. I appreciate, too, the support you have shown here for the bill. I want to say as one who has been familiar with your efforts as has my colleague and friend, Congressman Bill Ford, that there is on citizen of our State who has been more dedicated to the objectives of the various manpower programs than you. We appreciate the efforts that you have put forth in that regard.

Mr. Daniels. The gentlemen from Wisconsin, Mr. Steiger, do you have any questions?

Mr. Steiger. What is NORCAP, if you will excuse me?

Mr. Moskowitz. That is the western end of the Upper Peninsula. Originally, Congressman Steiger, NORCAP was a community action agency comprising the northern 33 counties of northern lower Michigan, really a forgotten area, where in the REA funds the Upper Peninsula spent $12 million in the first of the Federal programs and you might call them EDA funds in a sense and over a corresponding period, there was $2 million allocated to this area.

It is an effort of a nonremunerative cross section board, to give policy and motivation to staff to relate to the hard core disadvantaged poor.

Mr. Steiger. You mentioned in your statement, if I understood correctly, that under CEP 2, you had a training cost or placement cost of $1,170 per trainee?

Mr. MOSKOWITZ. Yes. We have a cost accounting. Our total expenditure of CEP 2 from November 1, 1968, through January 31, 1970, was $1 million 393,300.

Our cost of employing the 1,148 people that benefited therefrom was $1,170.

The projected cost of the State agency who is now the prime sponsor of the program in Michigan averages out at $2,500 per year, per person, and yet this is a goal unfulfilled. They have problems staffing their centers. There are no subcontracts. I wish them well. But I wish, if it had been possible, for the national administration to remain and existing successful vehicles.

Mr. STEIGER. What is your retention rate on those placed?

Mr. MOSKOWITZ. On-the-job training, where we have placed approximately 700 that have stayed on jobs after completion of training, is approximately, on the figures I received yesterday, 70 percent.

It is my understanding that 50–60 percent hard-core poor complete their training, then you have done well. Under the new guidelines that have hit us, 80 percent of the people we place in the training must complete this or in any given month our contract can be jerked out from under us.

This is an inequity. It is a 6-month contract that expires July 31, 1970. The equivalent of the community action program in the Upper Peninsula of Michigan also has 150 slots in the OJT contract but they are funded through mid-1971 and they have no sudden-death aspect of their contract.

They have no requirement to my knowledge that if 80 percent of those in training do not complete their training the contract will be terminated arbitrarily.

It is a different ballgame, Congressman Steiger. I appreciate your interest. I think you have got some fine colleagues.

Mr. DANIELS. The gentleman from Michigan, Mr. Ford, do you have questions?

Mr. Ford. Mr. Chairman, recognizing the problem we have with transportation and time, I am not going to ask questions. I just want to echo the sentiments expressed already by Mr. O'Hara and suggest for the record that I think there is a representative here of the Chicago office.

The committee ought to have provided some responses and amplifications of the points that you have raised so we will be able to refer to them.

Mr. MOSKOWITZ. This would be fine.

Mr. DANIELS. The gentlemen from California, Mr. Hawkins.

Mr. HAWKINS. I don't have any questions. I would like to commend Mr. Moskowitz. I hope his concern of the people isn't misplaced too much by hoping that Congress is going to do something really early.

But I certainly join with you in hoping we can get them to move.

Mr. MOSCOWITZ. Thank you, Congressman.

Mr. DANIELS. Thank you, Mr. Moscowitz.

The subcommittee will stand adjourned.

(Whereupon, at 12:55 p.m. the subcommittee adjourned, to reconvene at 10 a.m., Tuesday, March 31, 1970, in Des Moines, Iowa.)

MANPOWER ACT OF 1969

TUESDAY, MARCH 31, 1970

U.S. House of Representatives,
Select Subcommittee on Labor,
of the Committee on Education and Labor,
Des Moines, Iowa.

The subcommittee met at 10 a.m., pursuant to call, in the U.S. Court House, Des Moines, Iowa, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Scherle, and Steiger.

Staff members present: Daniel H. Krivit, counsel to the select subcommittee; Marty L. LaVor, minority legislative coordinator; Will Henderson, minority assistant clerk; and Loretta Bowen, clerk to the subcommittee.

Mr. Daniels. The Select Subcommittee on Labor will come to order. We meet here today in Des Moines for the purpose of taking testimony on various bills that have been introduced in the Congress of the United States dealing with the important subject of manpower.

We have three bills pending before us, one by my distinguished colleague from Wisconsin, Mr. Steiger, H.R. 10908, one by Congressman O'Hara of Michigan, H.R. 11620, and the administration bill introduced by Congressman Ayres, H.R. 13472.

I would like to mention that the Employment Act of 1946 adopted as a national policy the commitment to strive to maintain a total supply of jobs in the Nation. Since that time numerous legislative enactments have implemented this important goal.

In spite of all of the legislation that has been enacted by the Congress of the United States, we are still faced with the problem of unemployment and underemployed. It is the purpose of these field hearings, first, to learn from the administrators of manpower programs and from elected officials how to coordinate and improve the delivery system of manpower services.

And secondly, we want to question the recipients of manpower services to learn how to make manpower programs more responsive to the individual needs of the unemployed or the underemployed.

We have invited a number of witnesses from all over the State of Iowa to appear here today to give us the benefit of their views and experiences on manpower.

But before introducing the first witness, I would like to introduce my distinguished colleagues who serve with me on this subcommittee. To my immediate left is your own representative of the State of Iowa, a hard-working, dedicated individual, a man vitally interested in this subject matter who has displayed his interest by attending the numerous hearings that we have held in Washington.

And to my right is my distinguished colleague from the State of Wisconsin, a sponsor of one of the three bills before us, and I refer to my good friend and also a hard-working, dedicated individual, Congressman Steiger.

Our first witness this morning is Dr. Robert D. Looft, Superintendent of the Iowa Western Community College, Council Bluffs, Iowa.

Dr. Looft?

After you deliver your statement, there will be a period of questioning and if you desire your associates to answer questions, or if you want them to implement whatever statement you may make, they may do so.

I want to caution the press that there may not be any pictures taken while the committee sits. That is a violation of the House rules.

You may proceed, sir.

STATEMENT OF DR. ROBERT D. LOOFT, SUPERINTENDENT, IOWA WESTERN COMMUNITY COLLEGE, COUNCIL BLUFFS, IOWA; ACCOMPANIED BY LESLIE WARD, PRESIDENT, COMMUNITY COLLEGE BOARD, AND SENIOR CONSULTANT FOR NORTHERN NATURAL GAS; AND ORAN BEATY, ADMINISTRATIVE ASSISTANT, COMMUNITY COLLEGE, AND EDUCATOR

Dr. LOOFT. Mr. Chairman and members of the committee: I am Robert D. Looft, superintendent of the Iowa Western Community College, which has campuses at Council Bluffs and Clarinda, Iowa. I am accompanied today by Mr. Leslie Ward, president of our college board and a senior consultant with Northern Natural Gas, and Mr. Oran Beaty, administrative assistant with the college and an educator for more than four decades, most of which has been in vocational education in Iowa and Kansas.

Our college district is comprised of seven counties in Southwest Iowa with a population of approximately 190,000. This district, one of 15 in Iowa, is governed locally by an elected school board of nine persons. This board has placed great emphasis, since the college was formed in 1966, upon serving citizens. We are serving and preparing to serve citizens in the areas of vocational education, technical education, and adult education.

I have been an educator in Iowa since 1947. I have taught in small schools, in city schools, in junior high, high school, and the university.

I have been a teacher, coach, principal, and superintendent. All my educational experiences have taught me that we must do a better job of preparing people for job entry at all levels. I am currently a member of:

Iowa State Education Association, National Education Association, Iowa Vocation Association, American Vocational Association, Iowa Association of School Administrators, American Association of School Administrators, and Council Bluffs Chamber of Commerce.

People in educational positions, along with persons in many other walks of life, have long recognized the need to educate youths and adults to an employable level. Any person today without a salable skill can expect only to join the ranks of the unemployed.

Without more effort on the part of all groups concerned with education and manpower development, what we at present call our unemployment pool will fast become our unemployment abyss.

Within a period of a little more than 50 years there have appeared upon the scene, numerous national efforts to solve the skilled manpower problems. Among these were the Smith-Hughes Vocational Education Act, other vocational education acts which included most recently the Vocational Education Acts of 1963 and 1968, the acts of the 1930's involving the National Youth Administration and the Civilian Conservation Corps, the National Defense Training Act and the War Manpower Training Act of World War II, the Area Redevelopment Act, the Manpower Development and Training Act, and acts which have resulted in Job Corps, Neighborhood Youth Corps, JOBS and Work Incentive as well as other projects.

These efforts are mentioned only as means of pointing out that after all of the great expenditures that have been made and with all the experience that we have had, we are still faced with the problems of unemployment and a shortage of skilled manpower.

We will be the first to agree that a manpower act is essential to get people out of the unemployment ranks. We also again hasten to mention that any legislation directed at the unemployment problem can only be an emergency measure, and it can be nothing more than temporary.

Such ad hoc efforts have inherent problems such as: staff members who are not permanent, limited contracts for the project, and lack of accountability. In order to really combat and treat the combined giants of unemployment and shortage of skilled manpower, we must look at the problem in its entirety, as well as from a stopgap point of view. The need, therefore, is for the development of a more far reaching program of vocational education for adults and youth as well as manpower training for adults. In saying this we recognize that the proposed Manpower Act provides some phases of education for youth still in school, but we quickly point out that the education of youth of elementary and secondary age is a problem that must be handled by our regular schools systems in cooperation with advisers from outside the ranks of school personnel.

We all recognize that we must help those who haven't been helped. We must identify, recruit, evaluate, counsel, identify interests, determine needs of business and industry, educate, place in jobs and follow them up. We must take these people from the ranks of the strained and restrained and place them into the ranks of the trained and retrained.

Recently Congressman Lloyd Meeds, a member of the House Education and Labor Committee, in addressing a National Vocational Education meeting, pointed out that during fiscal 1969 approximately 975,000 persons were removed from the unemployment pool to federally assisted manpower programs.

At the same time he stated 900,000 students dropped out before completing high school. If you will add these 900,000 untrained youth and countless other youth graduating from highschool without skills for employment to the number of people who are becoming technologically unemployed, it is not difficult to recognize the rate at which we are losing ground.

You can readily see why I am an advocate of a program much broader than a manpower act, even though the work that is contemplated to be done by the Manpower Act must be accomplished by some means.

It will only be accomplished through a coalition of vocational education and manpower training.

Now when I look at the proposed Manpower Act. If I am any judge of the intent of the law, there is little included in it that will meet the specifications that I have just set forth. Any new Federal legislation should provide that the educational phases be handled by the schools with the referral and subsistence phases handled by the U.S. Department of Labor, in a coalition as indicated above.

Because I am convinced then of this I must go on record as opposing any Manpower Act legislation which does not include education as an equal partner in the program development, operation and in program evaluation.

I am sure that the vast majority of my colleagues in both the general and vocational education field support me in this contention. I am also sure that a majority of people in business and industry will support this principle.

I pointed out a few moments ago that we had much experience in trying to solve the unemployment and skilled worker shortage problems. We have had enough experience in one program alone to indicate that we need no new agencies and very few new regulations to solve our problems.

This experience has been under the Manpower Development and Training Act of the early 1960's. In this program the U.S. Department of Labor; the State Employment Security Commission; the State Employment Service; the Bureau of Apprenticeship and Training; and the U.S. Health, Education, and Welfare; and the State Education Agency, the numerous local schools, and business and industry cooperatively started to work out ways by which our adult manpower education needs could have been met.

There is little doubt in the minds of many of us that these organizations would have been successful if Congress had been willing to channel all appropriations through these coordinated agencies.

This was not the case, however. Separate and uncoordinated agencies were created by the Congress and parachuted upon the local scenes. Now after someone has taken stock of what has happened, the conclusion has been reached that we need a new creation which is to be directed by the Secretary of Labor, but without education becoming an equal partner.

Let us next look at the situation with respect to educating youth for employability. The various vocational education acts were intended for this purpose. Witness, however, the situation with respect to vocational education during the fiscal year 1970.

It is not news to anyone in this group that vocational education programs were conducted by the schools throughout this land for 8 months before Congress could agree upon the amount of money that was to be allocated for the serious purpose of preventing youth and adults from being dropped into the unemployment abyss.

The number of millions of dollars that it will take to undo this omission is your guess as well as mine.

No dollar goes farther in preventing unemployment and in proving a sound basis for the development of a skilled labor force than when it is expended to provide the proper education for youth while still in school.

Now let us put two great problems together under already existing and experienced Government agencies, as we have outlined above and we will have done more to solve the real problems that we must have come here today to work on, than anything else we could do.

The schools, in providing vocational education and technical education to youth and adults, have proved their worth and their versatility since 1917 when the Smith-Hughes Act came into existence. Thousands of adults have been provided opportunities to reach higher skill levels through the vocational technical programs in peace times.

During the recent great war, the vocational education shops were available in which to start manpower training the very day that the National Defense Training Act of 1940 became law.

Following the war, the then Labor Secretary stated in an article in the Saturday Evening Post that the war would not have been ended so soon without the aid from the schools in providing trained manpower. The programs conducted by the schools will continue to do the economic job that they have in the past, and do a much more complete job if they are only adequately financed.

On this day that we are talking together here, there are many fine programs in operation that were designed and developed under the Manpower Development and Training Act.

More recently the work incentive program was developed. It is also a thriving operation. On the job training programs have been developed and have been successful. Related instruction classes for apprentices and journeymen have been highly successful when agencies cooperated to conduct them. We believe we need not give other examples to illustrate our point.

Gentlemen, no new agencies are needed. Let us use the existing agencies. Provide us with adequate financing, not just for the emergency programs, but for the programs that will eventually make it possible to discontinue the stopgap activities. Make education an equal partner in solving the great puzzle of unemployment and shortages of skilled workers.

In conclusion, I respectfully suggest that Congress should:

1. Provide for proper vocational education of students while still in school, through strong financial support.

2. Provide adequate and full funding of vocational and technical programs also, through postsecondary schools.

3. Recognize that vocational education knows how to get the job done, and has proven that it can do so quickly and efficiently. Must we "rediscover the wheel" all over again? Make education an equal partner in those programs of vocational education that are called manpower programs.

4. Congress should avoid a dual system of education, one for the "haves" and another for the "have nots". This is the danger in the manpower bills as they are written. If we isolate training programs for the "disadvantaged" we then, in effect, condemn more than half our population to second-class status.

It has been a privilege to appear before this subcommittee. Thank you for the opportunity.

Mr. Daniels. Dr. Looft, on behalf of the committee, I thank you for coming here and giving us the benefit of your views.

I have noted your disapproval, so to speak—at least that is the inference I draw—that you disapprove of the three bills before us, that no new legislation is needed. However, that is not the opinion of the chair. I am quite sure other members of the committee share my view, too.

The legislation before us does not exclude the consideration of vocational education in the programs. If the legislation is analyzed very, very carefully, you will note that at least two of the bills provide that plans be filed with the Secretary or with the State agency and would leave it entirely up to the judgment of the agency in charge of the plan to incorporate vocational education in its program.

It is not excluded by any means. If you have deducted that from your reading of the bills, I think you are in error.

Dr. Looft. As I interpret the bills as they are currently printed, there is failure to include education per se. It seemed to me there was a direct intent not to specify education as a partner in any means at all. It almost, in my opinion, is treated as an outside agency that could fight for the right to serve educationally, but that other agencies would have as much opportunity to assume the responsibility for development of programs and so forth.

My plea in my statement is that education should not be made an equal partner and a specifically stated partner in this approach to consolidation of those things that the Federal Government is now doing.

Mr. Daniels. I yield to the gentleman from Wisconsin, Mr. Steiger.

Mr. Steiger. Let me pursue this just one more moment. The concern that has been expressed by vocational educators in Wisconsin, for example, touches on the use of the world dual school system.

They are afraid that we are giving to the Labor Department some additional authority which they now don't have. I guess I would ask you to look at my bill, in terms of section 6, where I say that the comprehensive plan among other things, shall require, first, that institutional training be, where possible, arranged or provided through State education or training agencies and that such training and on-the-job training provided for under the plan be of high quality.

Second, the Secretary of Health, Education, and Welfare is required to approve the plan jointly with the Secretary of Labor. In the administration's bill, you will note on pages 15, 14, and at least two other sections in which there is the need for approval of consultation with HEW. This is by way of asking whether or not you really are saying to this committee that you want the Secretary of Labor to have the authority for education. Is that what you are asking for?

Dr. Looft. No, sir. I feel those aspects of vocational education or manpower, which I think could be treated as interchangeable terms—manpower training is certainly a part of vocational education—I think vocational education should be in the hands of educators.

It seems to me that development of programs, based on perhaps research that has been conducted by the Labor Department, should show the need but educators should determine the means for alleviating the need for skilled manpower. In other words, certainly, my plea is that educators and the field of education should have the responsibility for handling the education, the vocational education aspect of this matter before us.

Mr. STEIGER. Just to comment before turning it back to the chairman, that at no point in any of the three bills is there any effort made by any one of the authors of the bills to provide for somebody else taking on the role of education. That is quite clearly, and in my judgment, distinctly preserved for the State agencies that are associated with vocational education. That is not a function given to the Labor Department.

Dr. LOOFT. May I ask a question? Is there a place that precisely says education shall have this responsibility?

Mr. SCHERLE. Will the gentleman yield?

Mr. DANIELS. I have the time and would be happy to yield.

Mr. SCHERLE. Mr. Chairman, thank you.

Dr. Looft, on the administration bill, H.R. 13472, on page 3, and it states there explicitly—

> Public and private educational system has the major responsibility to provide the academic, technical and vocational training opportunities necessary to prepare attending students.

I have also noticed on page 5, you talk about education at the school level. Section 7:

> Part-time work for students in grades 9 through 12 and youths of equivalent ages to assist them in remaining in or returning to school, if such employment opportunities develop in consultation with educational authorities to enhance to the extent feasible the educational growth of such students.

Under title I, State plans and grants, No. 1, under section 101:

> Basic education including literacy and communications skills which will assist individuals to become more employable or more suitable for participation in occupational training.

And I am a firm believer with you that education should be a part of the manpower training. But I don't think this bill really separates the two. In fact, it makes them more cohesive than we have them at the present time. So many programs we have at the present time are disoriented, and disjointed to such an extent that really nobody has any idea what the programs consist of, what the results are and certainly in most cases, the value received as far as expenditures are concerned.

I also wonder that when a student goes into the field of vocational education, is this because he wants to become a blue-collar worker, or is it a general lack of appreciation for the academics?

In other words, does vocational education give him the opportunity to divorce himself from the theory of academic accomplishments?

This is something we have missed in Iowa for a long time. That is the reason why I am happy that we do have vocational schools in Iowa. Of course, I am very appreciative of the one under your jurisdiction.

Dr. LOOFT. I can't disagree at all. Perhaps I am not communicating my concern. I perhaps lack understanding of the true direction of these bills.

I would like to, if I may, reiterate what my intent was: One, that education should be an equal partner in this. We are not asking to take over responsibility that certainly should fall with the Department of Labor and the structure as it is developed through any one of these bills.

For example, we certainly wouldn't be involved with the subsistence program for people who are involved in educational programs. Certainly, we wouldn't need to be involved in the research that would identify needs in business and industry.

But at the point where it is an educational function, I think any bill that is passed should rather precisely state at all levels that some educational agency, either Federal, State or local, or regional area, should have expressly stated, that this is his responsibility or its responsibility.

It is my concern, and those of my colleagues, that this isn't stated precisely enough. It appears to be left so open that industry completely unrelated to education could come in and contract to handle a preparatory educational program. If I misinterpreted this, then I will retract. But this basically is our position.

Mr. SCHERLE. Mr. Chairman, if I may continue?

Mr. DANIELS. You may.

Mr. SCHERLE. Dr. Looft, we are trying to incorporate for people another opportunity of finding their niche in society. Vocational training gives them an outlet, an opportunity to find something along the way that they are capable of doing.

Would it be possible for more students in schools to be steered away from an academic achievement to go to another avenue such as vocational education?

If they are allowed into education, would there be the possibility that they would drop out?

Dr. LOOFT. If I may use a personal example, in our own area school, our own community college, we had a man over 40 years old who was taking welding. We said, "Well, a part of our welding program includes blueprint reading." There was one other thing that didn't relate specifically to welding. It is a 6-month program. He said, "If you make me take blueprint reading, I am going to drop out."

We said, "Forget it, you don't have to take it." So all he took the only portion of that welding program he took was the skill portion, the laboratory portion. He now has gone out into industry and has a job.

We try to remain flexible. I know what you are getting at, that educational institutions sometimes become so rigid that they have a requirement that everybody has to meet and there are some who may not want to take a theory oriented portion of that program.

Well, I don't think we will ever force anybody to take any particular course or portion of a course. If he wants a diploma, we may have a requirement, but we don't say everyone who comes to our door has to earn a diploma. Many times industry would be glad to have a man who can do one phase of welding. That is all they want. That might be all this man wants.

Fine. We are not going to kick him out or prevent him from coming in. I think we have great flexibility in our vocational technical schools and we are fighting the traditional approach, that of requiring everybody to take the same thing.

Mr. SCHERLE. Dr. Looft, I think perhaps you almost contradict your own argument, you set up an example of a man who did not want any education with this training and would have dropped out if this were forced upon him. How does this substantiate your argument, where you feel he should be with on-the-job training?

Dr. LOOFT. On-the-job training, I think, is a fine approach to educating a person. It is one approach. A big portion of our training program is in a laboratory, is in a shop situation and the man or woman generally takes training 6 to 8 hours a day. In an on-the-job situation, they learn over a longer period of time perhaps.

Integrated with our programs, for example practical nursing, there are clinical situations in hospitals. Our farm equipment mechanics, students, spend one full quarter out in the field, which is on-the-job.

It isn't on-the-job in the sense of the on-the-job co-op program I think that you are referring to. But we use this as an integral part of training.

Mr. Beaty, perhaps, you would want to respond to this.

Mr. DANIELS. Mr. Beaty?

Mr. BEATY. Dr. Looft, I believe that these gentlemen for some reason or other believe that you are opposing on-the-job training, which you are not. You have simply stated that the phases that involve education should be in the hands of the schools. We firmly believe that on-the-job training is one of the most excellent plans by which a person may be trained for industry. We have no opposition to it at all.

The only thing that we are objecting to are statements like these, and I copy these from the summary of the laws themselves, or from the summaries of the summaries, the O'Hara bill states:

> The Secretary of Labor would not need to seek concurrence in any way from other State or Federal departments or agencies.

The Steiger bill, and I am acquainted with lots of people in the State of Wisconsin. I am associated with them for years—people from vocational education. It states that—

> The plan would be submitted to the Governor, to the Secretary of Labor or for approval and, when needed, the concurrence of the Secretary of Health and Education for those aspects relating to institutional training including the operation of skill centers.

Why should we, under any circumstances, go around the legally constituted educational agency that every State has and send these to the Secretary of Labor through a Governor's office? I have the highest respect for all governmental officials, people, including the Governor's office especially. But why put the Governor's office into education?

These are the things that we see in these bills that we are violently objecting to. And the administration bill states—

> Each community would designate a local prime sponsor subject to the approval of the Secretary of Labor.

Why do we need in the State of Iowa to go to the State secretary of labor or to get approval for the local prime sponsor?

I can't find any place in the bill that states that the local prime sponsor couldn't be the mayor of the city.

Mr. DANIELS. The local prime sponsor could very well be the mayor of the largest city in that area.

Mr. BEATY. If you may permit me to go on, I have been in education long enough that I have become a very firm believer in the system that we have. We have certain shortcomings, I will agree. But why should we go outside of the school system to do the things that the school systems should be doing and probably the only reason that they have not been doing them is that they have been inadequately financed.

We go back to the Vocational Education Act of 1968, which was only funded a month ago. Who is to blame for any shortcomings? Is it the educational system or is it the system under which we have had to work?

If the present Manpower Development Act type of system, as it was originally set up with the Department of Labor in Washington, and Health, Education, and Welfare in Washington, working together can't work, it is only because somebody back in Washington didn't make it work.

We people here in the State of Iowa—and there are a lot of them sitting back here—have worked together. We feel that we have done an excellent job under the present legal provisions.

Now we come up with three bills that seem to me to upset the whole thing and throw a lot of extra people into the organization. How long will it take these people to tool up? I think we will slow down manpower development and training by a whole year, if we accept the changes that are illustrated in these three bills.

Mr. DANIELS. As I interpret your testimony, then, and if I am interpreting it incorrectly, I would like you to let me know, you would like to have a specific provision in any bill that is adopted provide for vocational education, and No. 2, that vocational education should be under the jurisdiction of the Department of Education? Is that correct?

Mr. BEATY. That is correct.

Mr. DANIELS. I don't think that is impossible in any one of the three bills that we have before us. If you read into the bills that it cannot be accomplished, I think then you are misinterpreting the bills.

One of the primary issues involved in these bills is whether or not we should repose the ultimate authority for the operation, supervision and management of these programs in the Secretary of Labor, where it lodges at the present time, or as provided in the Steiger bill and under the administration bill, or whether we should permit the development of these programs on a State basis after proper plans have been filed and approved by the Secretary of Labor.

The Secretary of Labor would set down certain guidelines and criteria for the formulation of programs and then it would be left up to the State to develop the necessary programs.

There is nothing in the bills which would exclude the inclusion of vocational education, as I read them, and I am sure my colleagues will agree with me.

Mr. BEATY. I am wondering if we wouldn't have to fight for our lives though in order to get into position. We have had to do that a little bit so far.

You see, through the schools and through joint apprenticeship committees for years, we conducted related instruction programs for apprentices. Out of Federal funds and State funds, we could pay 50 percent of the cost of instruction. You can go right down into our city of Council Bluffs right this week and you will find a class running for apprentices, carpentry apprentices—excuse me, carpentry journeymen with 100 percent of the cost of it paid from some other source. I don't know what source it is coming from. But we have nothing to do with it at all.

I think all three of these laws just open that up wide for somebody to parachute in with all types of programs that won't be controlled by the local education agency, that they won't have a thing to do with and the local education agencies along with the State education agencies and along with Health, Education, and Welfare have a long history of doing a good job. We sort of feel that they should be left to work as they have in the past.

In Washington, there are two good agencies, the U.S. Departments of Labor and Health, Education, and Welfare. In our State we have the State agency and the employment security commission. Why can't we just continue on down the line to the local educational agencies and to the local employment service offices and the Bureau of Apprenticeship offices and get the job done without setting up a whole new organization to do the job.

Mr. Daniels. I would like to recognize the ranking minority member of the subcommittee, the gentleman from Iowa, Mr. Scherle.

Mr. Scherle. Thank you, Mr. Chairman.

I do think that Mr. Beaty, Mr. Ward and Dr. Looft have given us something to consider here. This is the reason for our field hearings. We appreciate the opportunity of being out here. We appreciate your testimony. And I can assure you that we will go over your testimony with a fine tooth comb and one thing we do not want to do is implement bad legislation or anything that would destroy existing legislation that does provide the means for assisting those who need the attention.

Mr. Chairman, I have no further questions. Thank you.

Mr. Daniels. The gentleman from Wisconsin, Mr. Steiger, any further questions?

Mr. Steiger. Let me just pursue very briefly, because I know we have a number of witnesses. The President's Manpower Report last year said this, and I think the statement is worth our consideration:

> As long as the manpower program is constrained to operate within a framework put together on a piecemeal basis, just so long will it be unable to achieve full effectiveness in providing the kind and amounts of services each disadvantaged person may need to become employable. Effective action to overcome the roadblocks imposed by categorical programs would be aided by new legislation, comprehensive manpower act, providing a single consolidated legislative base for planning, developing, administering, coordinating, evaluating a nationwide manpower program designed to meet the needs of all Americans.

Let me just simply say that your statement is one that I know is shared by others in vocational education particularly. As one member of this committee, No. 1, there is no intent, I believe, on the part of the Congress to create a dual school system.

No. 2, Mr. Beaty, let me just pursue the last comment that you made when you said you wanted to maintain this distinction between the Employment Security Commission and the education department.

Are you really asking us to maintain a separation between education and training on the basis of the proliferation of categorical grant programs in the manpower field for which there is no accountability, no responsibility, and in the end, no opportunity for an individual who needs something, needs training, needs education, needs medical services, needs whatever else to get these services under the present system?

You are not really asking us to continue the system we use now, are you?

Mr. Beaty. Are you asking me that question?

Mr. Steiger. Yes.

Mr. Beaty. I am certainly not asking you to continue the system of setting up a group of agencies in Washington, each of which come into our State and conduct a program of its own. But I am asking you to continue providing funds for manpower development and training which will be administered jointly by the Health, Education, and Welfare, and the U.S. Department of Labor in Washington, and when they get down to the State, administered jointly by the employment security commission and the State education agency.

I am definitely asking that. We don't want any money coming into our State for educational purposes where the checks are signed in Washington, I am sure.

I see nothing in the present enactment for manpower development and training that can't be made workable through these agencies that I have mentioned, not a thing. And we have an excellent relationship here in this State. I don't think there is a man back here that is in any of the agencies that will dispute that.

Mr. Daniels. Mr. Ward?

Mr. Ward. The only thing I would like to add, gentlemen, I think in the review of it—mine has only to be cursory at this point—that the effort to consolidate all of the activities to date is to be commended. I think what we are vitally interested in is this: that in determination, the determination and needs should be retained with the Labor Department which I think basically the bills advocate but that in the implementation of the training and/or educational programs, that education per se and particularly our type of system with the vocational, technical flexibility, and mobility that we have in that branch and/or the adult continuing education should be a vital and specific part of the implementation of this.

Whether the existing agencies, the Security Employment Commission and something else you mentioned, I think that is immaterial. But we don't need any additional agencies. It should be streamlined to be more effective. In fact, I do think that for example, in the vocational field, that Dr. Looft mentioned a moment ago in regard to this person taking welding, the full course would be welding technology. The vocational part can be welding. But what we can offer here, welding as a vocation, can be electric stick welding, or CO_2, 3 or 4 types of welding, or the plain old acetylene welding, or if he just wants that portion that gives the mechanics of it, we can do this.

But I do think that we can do it better than Joe's welding shop that is starting a training course. We have this flexibility in our system right now, whether it is welding, printing, aviation or whatever it may be in the vocational, technical field.

Mr. **Steiger.** Both the administration bill and my bill proposed the creation of a comprehensive manpower planning agency at the State level. Do you think this is worthwhile pursuing, such as that in the State of Iowa or the State of Utah has done—Oregon, Michigan, and Wisconsin?

Dr. **Looft.** Iowa, I think, has moved ahead on coordination through CAMPS. Maybe it hasn't been making progress in other areas, other States. But we have worked very closely in the organization with the bringing together of all agencies that serve people into the CAMPS meeting monthly and more often some times. We feel we have made great progress in the last three and a half years.

So in a sense, we have a real strong beginning in at least this State in coordination of effort. I think there is planning at the State level on the same basis.

I would support what both these gentlemen have said. We are in favor of more efficiency in consolidation, in eliminating waste. We certainly concur on this aspect of your proposed legislation. I don't think anyone would disagree with that.

We perhaps emphasize excessively our concerns. But we agree and we lend our strong support to the major intent you have, that of consolidating, bringing together, making more efficient this sort of education.

Mr. **Daniels.** Dr. Looft, Mr. Beaty, and Mr. Ward, I want to thank you for coming here. Your views will be given very serious consideration by this subcommittee.

Mr. **Daniels.** Our next witness is Mr. LeRoy Petersen, director of the Iowa Office of Program Planning. Mr. Petersen is accompanied by Mr. Gordon Bennett. Will you step forward, gentlemen?

Mr. Petersen, you may be seated. I notice you have a prepared statement. You are at liberty to read your statement or you may submit it for the record and it will be printed in full. You then may proceed to summarize it. So you decide for yourself which manner you wish to proceed.

STATEMENT OF LEROY PETERSEN, DIRECTOR, IOWA OFFICE OF PROGRAM PLANNING, DES MOINES, IOWA; ACCOMPANIED BY GORDON BENNETT, DIRECTOR OF MANPOWER

Mr. **Petersen.** Mr. Chairman, Congressman Steiger, Congressman Scherle.

I have with me Mr. Gordon Bennett of my office who is the director of manpower in my office. I would prefer to read the prepared statement.

It is public policy in the State of Iowa that a continuous and coordinated planning and programing function be maintained within the State government; that a planning and programing agency be located in the executive branch for the purpose; and that this agency shall advise, direct, consult, coordinate, and harmonize the planning and programing activities within State government; and shall promote more coordinated and effective planning at all levels of government within the State. The office for planning and programing shall carry out this policy.

Governor Robert D. Ray recognized the value of a viable planning organization, whose staff could enhance planning and evaluation for a more significant State role in all areas of economic and human resource development.

Last year the Governor requested and was granted legislative approval of such a State policy. Passage of senate file 649 established the office for planning and programing in the executive branch of Iowa government. Effective July 1, 1969 this moved O.P.P. to a position where it can serve the Governor and the legislature with full statutory support.

An important component to manpower planning and administration is the greater reliance upon State and local government as provided in the proposed manpower legislation. This new component, coupled with the improved capabilities of O.P.P. will create for Iowa a service delivery system which can respond rapidly and effectively to the critical and urgent needs of manpower.

The need for a new design of relationships between Federal agencies and the chief executive of State government is evidenced by the proposed manpower legislation. Increasing responsibility relating to the changing nature of the States' manpower structure is directed to the office of the Governor, yet no provision has ever been made for improving implementation of the Governor's responsibility in this area.

It is our opinion that Federal agencies are too insulated and too isolated from the point of service delivery to plan manpower programs responsive to the needs of people. A weak Governor system, which prevents direct executive control over State agencies and the dependence of these agencies on their Federal Government counterparts in obtaining funds for program development, make multiagency coordination a difficult task.

Agencies, each having access to Federal funds, could, if desired, avoid any attempt at coordination at the State level. We do not infer that certain successes have not been recorded by the State agencies or the CAMPS effort; however, because of the critical and personal nature of the manpower problem, tradition can no longer be an excuse for inefficiency or mediocrity. No line agency has a capability of providing all the services needed by our manpower reserves.

Malcolm R. Lovell, Jr., deputy assistant secretary for manpower, has said so well:

> The extensive publicity and attention given our troubled urban centers have, for the most part, overshadowed the equally serious social, economic, and manpower problems of rural America. This has been unfortunate since the problems of rural and urban areas are not mutually exclusive, but have a cause and effect relationship. The problems of rural America have contributed largely to the present dilemma of our cities.

In Iowa, we have nothing as dramatic as a Watts or Detroit to call attention to our needs. All too often when we seek solutions to our problems, we find that programs designed in Washington are not responsive to those needs. We are sincere in our belief that, at State and local levels, programs can be designed to meet those needs. The proposed manpower legislation appears to give us that capability.

Although the three bills are similar we cannot endorse the O'Hara bill (H.R. 11620) because it does not provide for major increases in

State and local responsibilities for planning and administration of Federal manpower programs. It does not guarantee that State and local institutions will be involved. Iowa's most valuable manpower resources are the capabilities and the expertise of our line agencies.

Since the O'Hara bill has been categorically rejected, we will address ourselves to the administration and Steiger bills, either of which are acceptable in our judgment. Our observations are:

1. We do not subscribe to the theory that the bills provide "too much power to" the Governor because:

   (*a*) Secretary of Labor has final approval of the State plan;

   (*b*) Structure of State planning groups would be subject to Federal approval;

   (*c*) Plan would have to meet the guidelines and standards prescribed by the Secretary;

   (*d*) Governor would have to establish a comprehensive manpower agency;

   (*e*) The Governor's designation of a local prime sponsor is subject to approval of the Secretary;

   (*f*) If area plan is changed, appeal may be made to the Secretary;

   (*g*) Under certain conditions local areas may designate and the Governor must appoint the prime sponsor so designated.

2. We do not agree with the National Advisory Council on Vocational Education that "the legislation proposed to the Congress relating to comprehensive manpower development programs is clearly deficient." In Iowa, education has in the past and currently is making valuable inputs into manpower planning and meaningful contributions to the implementation of manpower programs at both the State and area levels.

The legislation provides adequate authority for the educational system to be included on the State manpower planning organization, the State Comprehensive Manpower Agency and the area comprehensive manpower planning advisory body, all subject to the Secretary's approval. In Iowa there is no implication that manpower clients are "second class citizens." Many persons receiving skill training share the same classrooms, curriculum, and instructors in our vocational colleges.

3. We respectfully urge caution in the language used as related to the Governor's designation of a prime sponsor in "any standard statistical area" or other areas the Secretary deems appropriate. The phrase "or other areas" is most important to Iowa. It is our opinon that SMSA areas are too large to offer the flexibility needed for optimum program results, in adapting to differing circumstances, and for appropriate control over its administrative arrangements and relations with its subdivisions. Iowa has developed several years experience and expertise in decentralization via the functional economic area concept.

4. We endorse the operational outline provided by the proposed Manpower Training Act of 1969. It is our belief that the established agencies will provide the State manpower planning organization with their best planning talent; the comprehensive Manpower Agency will command top administrative and fiscal people.

In order for established agencies to survive, it will be necessary that the agency be represented by their best talent at the area level and that those agencies designated as prime sponsors be responsive and productive. This structure will dictate that the manpower effort be treated as prime, first priority effort rather than a sideline or additional duty, as is sometimes the case with CAMPS.

5. We would not recommend under any circumstance that a single participating State agency be designated to administer the State plan. Fund appropriation power within a participating agency would lead to agency competition for funds that could destroy all coordinated cooperative effort.

6. We offer objection to the provision that a prime sponsor could bypass State manpower officials, so that programs could be developed directly, under certain circumstances. This would seem to defeat the purpose of State planning. We would approve a provision for amending a State plan by following established procedures. If direct funding can be accomplished, there is too little incentive for coordinated planning effort.

The proposed legislation will provide better coordination of manpower programs by eliminating categorical grants and decentralized planning and operating authority will provide more meaningful service delivery systems. Iowa respectfully urges congressional consideration of this new manpower program concept.

I wish to express appreciation to the chairman and members of the Select Labor Subcommittee for the opportunity to appear before this committee. Mr. Gordon Bennett, manpower director of my staff, and I have many responsibilities relating to coordination of economic and human resource development programs in our State. We are enthusiastic in our support of improved manpower legislation.

Thank you, Mr. Chairman.

Mr. Scherle (presiding). I take this opportunity, LeRoy, to commend you for a very fine statement and also to reminisce just a little bit about the fine association we had when I served in the Iowa Legislature.

The Governor could not have chosen anyone more qualified for the office that you hold. I for one am very happy to see you in that position and particularly with your fine colleague, Mr. Bennett.

LeRoy, on page 2 you mention problems of rural America. Are you doing anything in Iowa now as far as programs for rural America are concerned?

Mr. Petersen. Mr. Scherle, in our planning, work items for the coming year, we have proposed that we have two studies directed particularly at the problems of rural Iowa. We see these problems as being not specifically in a line of either educational problems or economic problems, or manpower problems, but problems that require a comprehensive look at rural America.

We are hoping both with some of these special studies as well as with the educational studies which our office is currently conducting, to give special emphasis to the possibility of taking a comprehensive look hoping that through some coordinated effort we can do a better job of making rural Iowa not only as attractive as it always has been, but attractive to keep people there and hopefully attract people to concentrate in our urban centers.

Mr. SCHERLE. LeRoy, I appreciate these studies because living in a small community, I can realize personally the problems that exist in these small communities. The young men and young women from the rural areas continue to move into our cities. It would be almost criminally negligent if we don't provide these young people with the opportunity to be able to compete in our society today in either a vocational, technical, or academic way.

On page 2 you made the statement in reference to the Governor that "no provision has ever been made for improving implementation of the Governor's responsibility in this area."

Do you feel that the bill under consideration at this time takes care of that?

Mr. PETERSEN. I certainly feel that they do inasmuch as it provides that there must be a comprehensive State manpower plan developed and that the Governor will have some authority to make appointments to people who will develop the plan and also to help coordinate the agencies which are involved in delivering the manpower services at the present time.

He will also have an opportunity to review the plan. I think a specific point that I am trying to make is that the Governor being the only State official who is elected by all of the people is looked to by the people as having a responsibility to solve the needs of the people of his State, whereas in many cases he has no legal framework to have any handle in directing these programs, as I have indicated.

Just the opportunity to have within the State a comprehensive manpower program and a review process that gives him a chance to have his thoughts expressed, to me, makes him able to at least express and to some extent direct the efforts in solving the problems that the people look to him for.

Mr. SCHERLE. Then you feel in your own mind that this bill, the administration bill does provide this type of flexibility for the Governor to help administer the programs within the State as he sees fit?

Mr. PETERSEN. I would like to yield to my colleague, Mr. Bennett, to whom I have delegated the responsibility of CAMPS efforts during the last 2 years.

Mr. Bennett, I think, can answer this question very directly based upon his experience with the CAMPS program.

Mr. BENNETT. I would correct the phrase, he could correct as he sees fit. I do not read that in the bill. I believe he could guide, direct, suggest changes, but there is always the built-in capability that one could appeal to the Secretary of Labor. So I do not believe that he would have unrestricted power in this.

Mr. SCHERLE. The problems vary a great deal in the different States, problems that might affect the Governor of our State might be quite a bit different than those that would effect the Governor of New York.

I just want to make sure that this legislation is broad enough, and flexible enough and general enough that the Governor does have a sufficient amount of flexibility to the extent that he knows what the needs of the States are and in submitting his plan he can cover all the areas where the needs should be directed.

Mr. BENNETT. I do believe that the administration and the Steiger bills would provide for that information and authority.

Mr. SCHERLE. I would like to yield to my colleague from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

Your statement is a good one. We appreciate it very much. We appreciate, I must say, your support for both the administration and the Steiger bill. How many SMSA's are there in Iowa?

Mr. BENNETT. Six or seven.

Mr. PETERSEN. I think there would be seven. Des Moines, Council Bluffs, Sioux City, Davenport, Waterloo, Cedar Rapids, and I think Dubuque.

Mr. STEIGER. It is my understanding that in Iowa you have gone the route of what I think you referred to in your statement as the economic area concept. You have what, a manpower regional plan in Iowa?

Mr. PETERSEN. Mr. Bennett in carrying out the CAMPS program has developed these on the basis of the 16 delineated areas within the State which had been earlier determined by Executive order and which seemed to fit the needs for this particular program.

I think Mr. Bennett might like to comment to what extent the CAMPS programs has been developed in each of these 16 areas.

Mr. STEIGER. Would you also, Mr. Bennett, before you respond, comment directly on the question of what impact if any there would be in Iowa if the administration concept of all SMSA's being able to develop their own prime sponsor route—what would be the impact?

Mr. BENNETT. It is my opinion that the very geography that they would cover would be much too great. We have developed our programing via the 16 functional economic areas. This is a very personalized type of service when we get down at the area level.

I might mention that you are familiar with the 16 areas inasmuch as you put it in the Congressional Record of May of 1969. We appreciate that plug for Iowa.

We further appreciate the opportunity to study your bill at that time, because with that period of time we have been able to do a lot of projected thinking and planning along those very lines. So the other two bills did not come as a great surprise. So we thank you for your thoughtfulness.

But the functional areas, they usually consist of all the way from three to seven counties and they are geographically located so that the same problems probably exist within an area. We find that our problems vary a great deal from area to area.

In most instances, they are built around a prime city, a city in which, in at least 15 of them, we do have a vocational-technical area college. And we have found them very workable.

Incidentally, most of our line agencies over a period of time are developing their jurisdictional lines along these same lines.

Mr. STEIGER. Because of your experience, can you believe that it might be helpful in the case of Iowa to limit the use of the SMSA's to only the largest, let's say 1,250,000, rather than attempting to cover all 233 of them?

Mr. BENNETT. I do not believe that we can get the personalized viable type planning needed if it were limited only to the SMSA's.

Mr. STEIGER. Do I take that answer to mean that insofar as you are concerned there is a reason to look at limiting the applicability of SMSA's to every State?

Mr. Bennett. I am not familiar with other States. In Iowa, I would say "Yes."

Mr. Steiger. That is what I am trying to make clear. I must say—I am very proud of the kind of work Iowa has done in this field. There is a very good basis for us to really take a look at this question.

Let me ask another question as to whether or not there are any State constitutional provisions which would prevent Iowa from adopting the concept involved either in the administration bill or my bill?

Mr. Bennett. No, there are not.

Mr. Steiger. Would there be any reason for us to attempt to make available, through the Governor's office, manpower planning on a basis of, let's say, an expanded regional concept, and that is in a multicounty rural or urban area, that you might give authority to the Governor to use the Iowa concept, for example, for funding local manpower planning agencies, which now doesn't exist really in any of the bills?

Mr. Bennett. I could see no reason currently to depart from the provisions that are contained in the two bills relative to funding. I think there is a good measure of checks and balances there that might be desirable.

Mr. Steiger. I was interested in terms of the comment you make on page 5, Mr. Petersen. You say, "We would not recommend under any circumstances that a single participating State agency be designated to administer the State plan."

Mr. Bennett. One of the bills provides that in lieu of the comprehensive agency a single line agency could be appointed. Our recommendation would be to have the comprehensive manpower agency rather than a single line agency.

Mr. Steiger. This is my point. I want to make sure that I clearly understand.

Mr. Bennett. We are most emphatic on that.

Mr. Steiger. I think that is important. I must say that in all of this I think the experience you have had in this State and the experience we have had in terms of testimony from others, indicates that there does need to be a degree of competitiveness to insure the effective delivery of manpower services.

Mr. Bennett. If we have the agencies properly represented within the comprehensive board, competition will take care of itself.

Mr. Steiger. Thank you very much for your contribution.

Thank you, Mr. Chairman.

Mr. Scherle. LeRoy and Mr. Bennett, the Chair has no further questions. We appreciate your statement. And we appreciate your knowledge, particularly on the many questions that were posed to you this morning.

We thank you both.

Mr. Scherle. We will now hear from the Honorable Ed Holden, who is a member of the House of Representatives here in Iowa from Scott County.

Ed, if you would like to read your statement or just comment on it in summary, you go right ahead.

STATEMENT OF HON. ED HOLDEN, IOWA STATE REPRESENTATIVE (SCOTT COUNTY), DES MOINES, IOWA

Mr. HOLDEN. Thank you, Congressman Scherle.

Mr. Chairman and members of the committee: I welcome this opportunity to discuss with you the manpower training proposals now before the Congress. I am particularly happy to meet you here in Iowa and to be able to chat a bit with fellow Iowan, Congressman Scherle, and we are happy to have you in the House chambers this morning, Congressman, and Congressman Steiger as well.

The manpower training proposals are of real interest in Iowa. While we have an enviable record here when compared to other States' unemployment record, we do have problems which can best be solved by manpower training. During the first session of the 63d General Assembly we passed legislation to encourage job training, job opportunities and to provide work incentives. I am most enthusiastic about this approach in our effort to help the unemployed, unskilled, and disadvantaged group.

It seems to me that most of our poverty related problems can be solved if we are successful in finding productive slots for unemployed people. This is so elementary that I suppose we shouldn't even have mentioned it, but I have been concerned that a great deal of money has been and is being spent merely for maintenance programs.

Far too much of our welfare effort accomplishes no more than subsistance. Hence, we find second and third generation families who know no other existence. This situation must be changed or we will find ourselves with attitudes toward living that will destroy us.

Another concern and frustration of mine as I work with the legislative matters that come to my attention as chairman of the House Committee on Social Services, is the vast number of programs of welfare, rehabilitation, training, day care, recreation, employment service, health care, et cetera.

Any and all of these serve a valuable purpose, but I see far too little coordination or cooperation between these programs. If we are to realize the greatest benefit from the taxpayers' dollar or, of greater importance, to gain the greatest benefit for the recipients and society, we need to find a better way.

A manpower training program developed at the Federal level can provide the funding and coordination needed to assure success. I favor provision for State and local participation. A comprehensive manpower agency or council would assure good local support and management. In my opinion the strongest part of these programs is the emphasis on work training and incentives.

Personally, I see real benefits in programs of occupational training in industry, work experience and part-time employment for trainees. I believe we will see greater benefits to society from this productive effort than from testing, counseling, orientation, sampling, et cetera. I like the idea of contracting with private and public employers for services related to manpower training.

This could be done by the State agency with local agencies arranging for and supervising the programs to gain maximum compliance and efficiency. I guess this would be a combination of the Congressman

O'Hara bill and the administration and Steiger bill. But I prefer a contract arrangement in this regard.

Private employers could participate where the trainee is ready for occupational training. Public employers and trainees should be encouraged to utilize short workweeks to permit the trainee to secure education, health care, or other needs preparatory to job opportunity or improvement. This type of arrangement would be far superior to waiting for a "suitable" job to come along.

There is great benefit in a Federal-State-local type of program. While the Federal Government has the resources, and can provide the overall uniformity as well, State and local involvement can provide the flexibility needed to meet various local requirements. This will also bring about maximum industrial participation.

We have numerous State and local agencies which obviously can be brought into a working relationship with a program such as envisioned in the subject bills.

The unemployment compensation commission, employment services, and vocational rehabilitation programs come to mind immediately but in Iowa our system of vocational-technical and area community colleges could furnish invaluable service to this new concept.

I didn't compare notes with Dr. Looft.

Iowans envisioned these institutions as meeting a need for career preparation and manpower training facilities. They could be utilized in this new program by contracting to provide the training services.

It is my hope that the hearings you are conducting and the legislation you are hammering out will bring about a new approach to the solving of poverty problems. I'd like to see it result in welfare assistance for the unemployable and manpower training assistance for the employable. The desire for "a piece of the action" can find no more satisfying achievement than becoming fully employed.

Thank you for inviting me here this morning.

Mr. **Scherle.** Mr. Holden, it is a pleasure to have you here this morning. Your statement and testimony are appreciated.

Do you know in searching through these bills whether by the contemplations that we are undertaking now in Washington that there will be any conflict with the legislation that you are contemplating here on the State level?

Mr. **Holden.** No, I know of none, Congressman, that we have at the present time. Certainly we would be most anxious to coordinate with you as this is developed. If additional legislation is needed at the State level, we would be most anxious to prepare it.

Mr. **Scherle.** Would you have any recommendations as you have screened these bills to make to us here today?

Mr. **Holden.** No; I don't believe so, Congressman. I didn't have copies of the bill. I merely had comparisons of the major provisions that you have sent. I have looked through them. But I like the approach you are taking, the general provisions that you have, and I favor either Congressman Steiger or the administration bill.

But rather than just funneling through funds, I prefer a contractual arrangement with either the industrial sector or our educational people or however it is handled. I think this is a better arrangement because people have actually contracted to provide something. They have agreed to perform. I think it is a better relationship.

Mr. Scherle. In my humble opinion, I think perhaps the greatest achievement that can be made in satisfying the needs of our unemployed and undereducated, of course, is in two areas, but they are very cohesive. One, naturally, is education. I have always been a staunch advocate of education. This would be the greatest aid for solving many of our problems.

However, in the various age groups, because of maybe certain circumstances, many people can't necessarily follow through on their education. Responsibilities and emergencies arrive so they have to go off into other fields—the field of employment.

I have felt many times that to provide the dignity to the individual, we must provide a means for him to establish a substantial livelihood and give him an opportunity to try to rise up the rungs of success.

The main reason for this committee to go around the United States is that we now have manpower programs scattered so far afield in some areas that the expenditures cannot be justified. We have established bureaucracies but not established value received in performance for the money that we have appropriated and expended.

These programs should be under one roof or under an umbrella and the States given an opportunity to formulate their plans and their needs through the various agencies. The main thing is that we give them the opportunity to help themselves, put more control on the State or local level, because this is where it belongs anyway.

We have a problem in Washington, every time there is a hue and cry, instead of trying to find an existing agency to use to solve that problem, we implement a new one. In the field of education alone, we have 118 various programs spread out over a field where nobody knows where the buck stops. It is the intent of this administration to try to consolidate many of these programs and try to make them functional to the point to where people who need to can get the attention and assistance.

As the chairman of the Committee on Social Services, Mr. Holden, we appreciate the fact that you are here. In any of the testimony this morning, do you feel that strictly academic education might play a derogatory part, if I may use the word, in trying to satisfy the needs of some persons? Maybe if he has an alternative, which is in the field of vocational education or vocational training, he might feel much more apt to continue along that line and provide a means for his own livelihood?

Mr. Holden. Yes, Congressman, I am very much encouraged and enthused about the vocational technical programs.

It seems to me that in our working with poverty groups that sometimes when we speak of education and put so much emphasis on education that we scare them away from the academic aspects, whereas we can certainly show them that the opportunity is there through vocational technical programs to become employed and that there are programs for them and that we mean by education to provide them with a job opportunity, not an academic education that in many cases it appears to me is beyond what they want to do or what they can really achieve and really need to fit into society.

I think you are aware of the fact, Congressman, that many legislators have felt that not enough emphasis was maintained on our vocational, technical, and community colleges toward the vocational and technical aspects of it. And I believe that this program by its being brought in and brought through, a portion of it as least, through our vocational technical colleges, would keep that emphasis where the legislators would like to see it placed and kept.

Mr. SCHERLE. When I served in the legislature, one of the most satisfying terms was the year that we set up vocational schools. For a long time young people drop out of school for primarily three reasons: they are not academically inclined, they do not have the desire to pursue a course based primarily on academics, last, but not least, their parents or themselves may not be financially able to continue their education.

It is very easy for a student in junior, sophomore, and senior years to become depressed to the extent that there is not an avenue available to them that they could have easily become a dropout. One of the most significant things that has ever been done in Iowa is to establish vocational schools.

Of course, I am familiar enough with the community college in Council Bluffs to see real results and had the opportunity about less than a month ago to give the commencement address. Nothing did my heart more good than to see those young people have the opportunity to graduate and find their place in society. It is important and we want to do everything in our power to make sure that the legislation we are considering today will do exactly that.

If you feel in your own mind as you review some of these bills and you would like to make recommendations, we would certainly appreciate your contacting us and making the recommendations.

I would like to yield to my colleague from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman. It is a pleasure, Mr. Holden, to have you testify. I must say it is a particular delight to have a State legislator. Let me ask you a loaded question. That is, would there be any value in requiring that State legislators serve on the comprehensive planning agency for manpower?

Mr. HOLDEN. I suppose legislators would always like to get their finger on something like that. I am not sure that it would, except perhaps to coordinate any necessary legislation. One of the problems that most of us have as legislators is being as well informed as we need to be on various programs. This could be provided if some State legislators were on there.

Mr. STEIGER. I don't know that the legislators ought to be involved in that kind of a manpower planning agency. But I am terribly sympathetic to the fact that the legislators very often, who are required to pass the law and implement something the Federal Government does, simply are not as familiar with what was intended or what the Federal law provides or how much it is going to cost. We don't do enough to coordinate with the legislatures, which I think in the end has the obligation to provide the State legislation, something that is perhaps not liking to the State, but which the Federal law requires and you are going to get the money and that is what you have got to do.

It is no easy problem. You mentioned the contracting. Actually, I think all three of the bills provide that services may be contracted for in the public and private groups. Given your position on social services, what is your reaction to that portion of the O'Hara bill, via its public service employment?

Mr. HOLDEN. I alluded to it in my comments. It seems to me there is an opportunity here for a person to work part-time. I thought this would be, perhaps, the best way. They could work part-time at public employment. This gives them something productive to offer to society, but at the same time, allows them sufficient time to take training or some of them, I allude to health care, some of them need health treatments and so forth, that they could be carried on or other rehabilitation programs.

Too often, however, they hesitate to take the public service type of job because many of them that we have to offer are not the jobs they are looking for. Perhaps the street services, such occupations as that and parks and recreation and so forth, these jobs need to be done. We have a need for them in our public sector. And I believe that at least during the time of training and preparation that they could be utilized and would be beneficial to them as well as to society as a whole.

Mr. STEIGER. Lastly, perhaps I am directing this to the wrong person, Mr. Chairman. What is the situation with the Des Moines comprehensive vocational facility?

Mr. HOLDEN. I am sorry. I am not aware of that.

Mr. STEIGER. I was afraid of that. I probably should have asked Mr. Petersen when he was here. I will do some checking.

Thank you very much.

Mr. SCHERLE. Mr. Holden, just a particular question that has to do with public employment for students. Under the neighborhood youth corps, I think the law stipulates that these students or young people during the summer months could be hired as employees of any public, nonprofit facility.

There have been instances where these young people have worked for these public non-profit institutions a general laxity was evident as far as the employees and employers are concerned.

Isn't this to a certain extent damaging?

I find that the student, first of all, goes to work for this public employer knowing that that employer is not making a profit so may not necessarily be concerned about what that young student or employee might do. The money is not coming out of profit or pocket. It is coming out of a government grant.

I also feel that the respect of this person as an employer is not as significant as it would be in private sector of our economy.

The public employer also feels that that student employee is not giving him everything that he could because the wages are subsidized by the Government. So the relationship with the employer and the employee is not as significant as it would be in the private sector. Because if that employer only gets 1 or 2 hours' work out of that youngster, it is more than he would get than if that youngster were not employed by him.

Does this analysis make any sense?

Mr. HOLDEN. Yes; I think so. But I think the problem is we are not attempting to convince these people that this is just not make-work projects. Whatever we are doing can be meaningful and can be of value to ourselves and to society as a whole.

As you were speaking, I thought of last summer when there were some boys who were painting the parking building in the city of

Davenport, painting strips on the parking lanes and the meter posts and so forth, the walls, and the stairways and so forth.

I observed just what you have said about the employees' attitudes and I am sure the employer had the same. But certainly we ought to be able to tell them and show them and teach them that this is a meaningful part of contributing to society. "This building needs painting. This building needs the strips put in there and you fellows can contribute to this."

I think this is the part we are failing to do. "We didn't send you out here to paint the parking building because we wanted to keep you busy." This is where we are failing.

Mr. SCHERLE. Being a great admirer of the youth of America, I can't help feeling that youth likes challenges. How do you make painting attractive for a lot of kids?

Mr. HOLDEN. I am sure I don't have the answer to that one.

Mr. SCHERLE. This is a problem.

Mr. HOLDEN. This is right.

Mr. SCHERLE. Youth wants to do something that challenges their abilities. And I don't think that it would take a youngster very long to realize that you are doing make-work projects. I wonder if in the impressionable years that this may be considered a little harmful to a certain degree. I know we can't give more than what the limitations will provide them to do. If you can hold a group of kids for 15 minutes in a speech, you have accomplished a lot. They are restless. They want to do things. It is nothing we can solve very readily. But it has always been a great concern of mine that as long as we all feel the endeavor of these youngsters in providing maybe the beginning of responsibility for them, if it couldn't be a little bit detrimental.

Mr. HOLDEN. I am really saying that this fellow who is painting the strips, let's say, what is wrong with feeling that our observation of his work indicates that he is concerned about the type of work he does and so forth and it looks like he is responsible enough to drive the streetsweeper or something else. Maybe he has something else he wants to do for the city. But today this is the job we need to do. This is what needs to be done. We are asking you to do it.

This is my feeling and it is not easy, I agree, to motivate young people with that kind of work. But we have to start somewhere.

Any type of work like that is important.

Mr. SCHERLE. Do you think it would be better maybe to try to channel these youth into private industry where they would learn employer-employee relationships, responsibilities, also that they can be fired, they can be dismissed, rather than place them in a cubical in which there is no real concern or respect between employers and employees?

Mr. HOLDEN. Yes; I would certainly be in favor of that. That is why I alluded to the contracting with private industry. However, when we are talking about young people, it seems to me that generally speaking, we don't want to take so much of their time that they are not going to get education. So some employers are not going to take very kindly to part-time work but they may have some places where they can use them.

I like the programs where they have on-the-job training in cooperation with their schoolwork. I have a nephew who is working as a carpenter in a homebuilder's shop. This was a prefabricated homebuilder and as a part of his training he was working a couple of hours a day there. I thought this was excellent to have available to young people.

Mr. SCHERLE. Mr. Holden, thank you very much again. I am deeply appreciative of your testimony. Your answers to the questions we have posed are appreciated. As I mentioned a moment ago, in a responsible position as chairman of the social services. I hope you will keep in contact with us and maybe together we can work out some positive solution to the serious problems we are faced with today.

Thank you very much.

Mr. SCHERLE. We will now hear from a young man by the name of Mr. Steve Zumboch, vice president, National Future Farmers of America.

Steve, we welcome you here this morning. Do you have someone that you would like to have acompany you at the table?

STATEMENT OF STEVE ZUMBOCH, NATIONAL VICE PRESIDENT, FUTURE FARMERS OF AMERICA, MANCHESTER, IOWA

Mr. ZUMBOCH. I brought no one with me, so I guess I am on my own.

Mr. SCHERLE. If you want to read your statement, proceed any time you wish.

Mr. ZUMBOCH. First of all, I would certainly like to compliment you gentlemen and thank you for inviting me and you are trying to, I think, feel out the position of youth and see their desires in this area of education. I think this is most commendable on your part.

I am not talking specifically today about a manpower program. It is one that is related to the area of vocational education. So it might be well if I would explain the program that I am particularly involved in.

This is vocational agriculture which is in classes of 9,000 high schools all across the United States. Being in this position we come under the National Vocational Education Act and our leadership comes out of the U.S. Office of Education in Washington, D.C.

The organization of Future Farmers of America of which I am a member, and probably the people in this audience are most familiar with, is an integral part of vocational agriculture and it is an integral part as designed and chartered in Public Law 740 of the U.S. Govenment.

But vocational agriculture is a classroom instruction phase of the program and FFA is a practical application of what is learned in the classroom through supervised farming programs or, if it be in the area of agri-business, through work experience programs by employers in the community.

It is the intent of the classroom instruction of vocational agricultural and FFA to prepare students for careers in agriculture and develop within these people qualities of aggressive leadership, citizenship, and cooperation.

We have 231 chapters, 10,900 members. What are these members doing today?

Past members of the organization are people who have gone through our curriculum, approximately 30 percent are involved in agri-business, 40 percent in production, and 30 percent are going into other areas. Today, what are the plans of the 10,900 members participating in this program?

Fifty percent plan to go into production and 50 percent plan to go into a phase of agri-business. I think you can see by these statistics that we are meeting the needs of agricultural education today, that we are going into new areas. We are not just production oriented, but agri-business oriented.

Thirty percent of our membership go on to institutions of higher education, college or it could be technical schools.

A study that is connected with my report which is attached to your back sheet of this memorandum states that students who have taken vocational agriculture compared to those who have not, exhibit a much higher rate of participation in college activities and a higher record of accomplishments scholastically.

I think this stands well enough alone as to what we are doing for character development within our organization.

Nationally, we have approximately 8,000 chapters with 450,000 members, and 524,000 students are taking vocational agriculture.

Today, 80 percent of these students are studying in given production fields, 2 percent are in specialized fields which I have listed on this sheet. But 60 percent plan to go into production and 40 percent plan to go into agri-business areas.

Just like any organization or any group of people, we have our problems just as well as they. Many of our problems stem out of the fact that there is a dwindling rural population and there are pressing problems in the inner city with pollution, crime, violence, and agriculture no longer stands very high on the ladder of priorities politically, as you probably well know.

Sadly enough, agriculture education as well is receiving the cold shoulder in Washintgon and the individual States.

Agriculture education does not put votes in a ballot box on election day as do some of the more colorful programs, such as education for the handicapped, disadvantaged or dropouts. I am not inferring here that these areas do not need to be emphasized, but I do question emphasis of these areas in the U.S. Office of Education at the expense of proven programs such as vocational agriculture.

Along with a change in the political atmosphere, there is also a distinct change in the philosophy of the USOE. Rather than training in specific disciplines such as agriculture, homemaking, or distributive education, there is a sudden redirection toward a general vocational education for all students.

Dr. Leon Minear, Director of Vocational and Technical Education states, "The emphasis is now upon meeting the needs of people such as the disadvantaged and handicapped rather than on an organization based on categories."

With this statement and the obvious change of philosophy in USOE, the traditional categories such as vocational agriculture would appear as useful as a thorn in a berry patch to the officials in the division of vocational education.

After this restructuring, which removed all the identity and visibility of these basic categories, this seems to bear this philosophy out. It is rather hard to produce a growing and viable program when it isn't even identified in the structure.

With this change in philosophy, the USOE restructured its personnel to meet the needs of broad and general vocational areas. According to Dr. Leon Minear of USOE, "This reorganization made it necessary for all staff members to increase their areas of responsibility to relate to broad vocational areas."

In actuality, Dr. Minear's increased responsibility meant the dismantling and diversion of the leadership of the basic disciplines such as vocational agriculture.

Our once proud 10 man agricultural education staff find these ranks diminished to two men with areas of responsibility also assigned outside the area of agriculture. Neither of these men are identified with vocational agricultural nor is anyone else in USOE.

These two men who are still manning the forces for vocational agriculture and FFA are further divided in that they report to two separate chiefs. In the Army, when a general's troops are taken away and his title is removed, his days of useful military service are numbered. Such is the case of the FFA. With our staff diminished and identity removed, we shall quietly fade out of the scene as a demoted general.

These two changes (1) a philosophy of general vocational education rather than an organization based on categories for specific careers, and (2) restructuring that in keeping with this philosophy, together have given the green light for the States to do likewise. This is where the real problem begins.

Therefore, in an agricultural State such as Iowa, a State department senses the green light and emasculates a vocational agriculture and FFA program by cutting its leadership from four to two half-time men, with no one designated to head up agriculture education, and removes all identity or visibility of that discipline in the State plan. Without leadership or identity, FFA and vocational agriculture in Iowa are setting sail in the 1970's in a paper boat.

I am not questioning the philosophy of a general vocational education out of the U.S. Office of Education, but I do question such a philosophy at the expense of proven category programs such as the FFA and vocational agriculture.

I think, since the youth have participated in the State of Iowa and now nationally, I might relate the importance of vocational agriculture training for future farmers and those going into agri-business as I know it.

At a time when the relevancy of this vocational agriculture program in the State of Iowa and nationally is being questioned. I indeed welcome this opportunity to come to visit with you about what I think is the truly great strength in American education and youth activity.

But unfortunately today, there are a few misinformed who are under the misconception that vocational agriculture and FFA are merely training people to farm. However, as reported earlier over one-third of our enrollment is studying for careers in the area of agri-business. With our newly developed programs in agri-business, of which there is a list attached to the backsheet of the program I handed out, vocational agriculture and FFA are just about as relevant as that newspaper left on your front doorstep this morning.

When 22 million of the Nation's working force is involved in either production agriculture or the processing, marketing, and distribution of agricultural products, it would seem agriculture education would be a program that would speak for itself rather than being pushed in a storeroom closet, when education for the handicapped and poverty-stricken have the most political appeal.

In years past, agriculture has had the problem of losing its gifted young minds to other industries. Naturally such a resource drain in time would take its toll. As an industry, agriculture must lure its talented young into designing tractors rather than jet airplanes and keep her potential lawyers serving agriculture rather than some other industry.

Vocational agriculture and FFA have served an invaluable role in this respect in that they act as a potent recruiter for young men and women into the agricultural field and later channel them into the Nation's agricultural colleges and technical schools all across the United States.

Now, more so than ever before, business and industry in this State and all across the United States, need competently trained young people in the area of agriculture. Vocational agriculture and FFA can act as a recruiter and supplier of these individuals if we allow it to be an avenue that is open.

When the State department of public instruction in Iowa cut the State leadership of vocational agriculture and FFA, removed her identity, and placed her under the area school system, in essence the State superintendent of schools and the State board swept a once proud and viable education program under the carpet as unwanted dust, an eyesore. When one stops to consider that the State of Iowa employs large percentages of her people in agriculture, receives $8 out of every $10 of her income from that same industry, processing, marketing, or distribution, and the average age of the Iowa farmer is 55, the action of the State board seems about as sensible as taking milk away from a newborn baby.

But casting the pure economics and logic of the problem aside—what is this program called vocational agriculture and FFA doing for the nearly 11,000 members in Iowa and one-half million all across the United States?

Granted, it is economically and effectively preparing young people for careers in agriculture, but there is something here possibly much more meaningful. It is helping its membership develop a workable philosophy on life. Few other activities can match the record of success of vocational agriculture and some of the other vocational groups in the State of Iowa in developing a sense of responsibility and individual initiative, love of country, awareness of civic responsibility, and a belief in the free enterprise system amongst their members.

It is a group that knows the dignity of work and dignity of manhood and someday I am sure will take its place amongst the world of men. This is the philosophy America needs. This is a spirit so many have strived to pass on to the youth of today but have so miserably failed.

It would indeed be a tragic mistake to sweep this proven strength in the area of youth activities under the carpet for more colorful political programs of the time, especially when strengths in youth activities today are so regretfully lacking. One does not build up weaknesses by tearing down strengths like the FFA.

When the technological agriculture of today calls for highly gifted and trained employees in the field, and we are seeking strengths in youth activities, let us stop, take stock, and work so that vocational agriculture and FFA will be an avenue left open for those desiring a career in agriculture.

(Document prepared by Iowa State University follows:)

Relationship of High School Vocational Agriculture and FFA Participation To University Scholastic and Leadership Achievement

(Prepared by Staff in the Department of Agricultural Education, Iowa State University, in cooperation with Consultants in Agricultural Education, State Department of Public Instruction)

RELATIONSHIP OF HIGH SCHOOL VOCATIONAL AGRICULTURE AND FFA ACTIVITIES TO PARTICIPATION IN UNIVERSITY ACTIVITIES

A study was conducted in 1968 by Larry H. Ebbers, Assistant Director of Residence, Iowa State University, to determine the relationships that exist between participation in FFA activities, other high school activities, parents' activities, selected high school or university factors, and participation in university activities.

This study involved a sample of 400 Iowa State University students. 200 who had had two or more years of FFA experience and 200 who had had no FFA experience. One-hundred of each group were enrolled in the College of Agriculture and the other 100 in other colleges. Each of these groups contained 50 juniors and 50 seniors.

Activity participation data were evaluated by a panel of judges to obtain scores for all students responding to the questionnaire.

As shown by data in Table 1, students with FFA participation had a higher total university activity mean participation score (78.34) than did those without FFA experience (58.48) as compared to a total student average of 69.29. Residence activities made up the largest portion of an individual's activity score followed by curriculum and departmental activities, all-university or honorary activities, and religious activities, respectively. Mean activity scores for all areas, with the exception of curriculum and departmental activities, were higher for those who had had FFA experience.

TABLE 1.—TOTAL UNIVERSITY ACTIVITY SCORE OF TOTAL SAMPLE BY FFA EXPERIENCE AND ACADEMIC COLLEGE

Activity scores	Total mean score	FFA	No FFA	College of Agriculture	Other colleges
Total university	69.29	78.34	58.48	76.69	61.37
Residence	42.13	43.91	39.99	47.82	36.02
Curriculum and department	14.97	14.52	15.51	20.53	9.02
Religious	7.64	9.22	5.76	8.42	6.81
All university or honoraries	9.85	10.35	9.25	9.71	10.00

Data in Table 2 indicate the total mean participation scores for those with FFA experience with 89.25 for those enrolled in the College of Agriculture and 62.63 for those enrolled in other colleges. Students without FFA experience in the College of Agriculture had a total mean score of 65.22, whereas those enrolled in other colleges had a mean score of 57.33.

TABLE 2.—TOTAL UNIVERSITY ACTIVITY SCORE BY FFA EXPERIENCE

Activity scores	FFA			
	College of Agriculture	Other colleges	College of Agriculture	Other colleges
Total university	89.25	62.63	65.22	57.33
Residence	48.40	33.64	38.52	33.41
Curriculum and department	18.80	14.89	9.38	8.64
Religious	9.99	6.32	8.30	5.25
All university or honoraries	11.67	7.05	8.77	11.29

The residence activity mean scores for those with FFA experience were 48.40 for the College of Agriculture students and 33.64 for the students enrolled in other colleges. Those without FFA experiences enrolled in other colleges had a mean score of 33.41 as compared to 38.52 for those in the agricultural college. Those with FFA experience enrolled in the College of Agriculture participated in residence activities to a much larger extent than those without FFA experience.

Curriculum and departmental activity scores for those with no FFA experience were 9.38 for those in the College of Agriculture and 8.64 for students in other colleges. On the other hand, those with FFA experience in the agricultural college had a score of 18.80, whereas those in other colleges averaged 14.89.

Data related to participation in religious activities indicated that those in the College of Agriculture with FFA experience had a score of 9.99, whereas those without FFA experience averaged 8.30. In other colleges, those with FFA experience had a score of 6.32, whereas those without FFA experience had a score of 5.25.

Those with FFA experience in the agricultural college had an all-university or honorary activity score of 11.67 as compared to a score of 11.29 for those without FFA experience in other colleges. The mean score for those with no FFA experience in the College of Agriculture was 8.77.

It was found that seniors had a mean participation score of 78.86, whereas juniors had a score of 61.04. The highest mean score of 99.78 was found for seniors with FFA experience enrolled in the College of Agriculture. The second highest score of 80.00 was for juniors with FFA experience enrolled in the College of Agriculture.

Students living in fraternities had the highest participation mean score (99.27) for residence groups. Residence hall students had the second highest mean score (73.56) followed by commuters (42.33) and ward system residents (36.94), with university married community students (31.44) having the lowest mean score.

It was found that the size of the high school graduating class had little effect upon participation in university activities. Data also showed little effect on the student's activity score by the occupation of the parent. Single students participated in activities to a much greater extent than did married students. Married students, however, who had had FFA experience and who were enrolled in the College of Agriculture had higher mean participation scores (66.23) than all other married or single students without FFA experience.

FFA participation, academic college, grade classification, and home and family factors were found to influence participation in activities by students at Iowa State University.

A study was made by Norman L. Kennedy at Washington State University of the relationship between participation in vocational agriculture programs, other high school courses, and student leadership in college. He designated as leaders 268 students who had been presidents of men's organizations on the campus for the school years 1957–57 through 1959–60. A 10 percent random sampling of all male students at Washington State University who were not presidents of groups during the three-year period provided a control group of 414 students who were designated as nonleaders. He found that 30.9 percent of the student leaders had studied vocational agriculture in high school an average of 3.3 years. Only 13.3 percent of the nonleaders had received any vocational agriculture training.

RELATIONSHIP OF HIGH SCHOOL VOCATIONAL AGRICULTURE TO SCHOLASTIC ACHIEVEMENTS IN COLLEGE

Vocational agriculture graduates are enrolling in increasing numbers in colleges and particularly in colleges of agriculture throughout the country. This trend will most likely continue as the educational and other qualifications for success are becoming higher in agricultural occupations including farming. A number of studies have been conducted by agricultural educators throughout the country to determine what happened to vocational agriculture graduates who enrolled in college. The following paragraphs present the important findings of these investigations.

Findings of studies that observed achievement of vocational agriculture graduates when compared to the achievement of students who had not enrolled in vocational agriculture while attending high school in all colleges within a university revealed that vocational agriculture graduates did generally as well or better in college as those with no vocational agriculture background. This generalization was based on the levels of achievement after completing the first quarter of college work and the final grade point averages for students in both groups. An Ohio study that compared the twelfth quarter cumulative quality point averages of 400 vocational agriculture graduates and 400 nonvocational agriculture graduates is typical of the studies from which the above generalization was drawn. In the Ohio study, it was observed that the twelfth quarter cumulative quality point average for vocational agriculture graduates compared to the nonvocational agriculture graduates was (1) in five colleges, 2.63 to 2.51, (2) in the College of Agriculture, 2.66 to 2.58, and (3) in four nonagricultural colleges, 2.59 to 2.41. A four point scale was used to evaluate achievement with a 4 rating the high score.

Synthesis of the findings did reveal some interesting differences. Students who had completed the mathematics-science pattern of high school courses had the best chance of remaining in college beyond the first quarter in all colleges. When the American Council of Education (ACE) scholastic aptitude scores and high school averages were held constant and comparisons made, however, high school courses had little influence on college graduation-attrition tendency or all-college cumulative quality point average.

Students who had enrolled in the College of Agriculture with six or more units of high school science and mathematics seemed to survive the first quarter of college better than did those students who had completed another curriculum pattern in high school. The high school pattern seemed to have little influence, however, on the students' first quarter quality point averages and no appreciable influence on either graduation-attrition or all-college cumulative quality point average.

A study completed in Georgia reported that vocational agriculture graduates received significantly lower mean verbal and mean mathematics scores on the College Entrance Examination Board Tests than the nonvocational agriculture graduates. They observed no difference between marks received for both groups in English, mathematics, chemistry, physics, botany, zoology, economics, and political science courses completed during the freshman year.

In an Iowa study, completed in 1962, it was observed that high school grade point average, English and mathematics placement scores were highly correlated with scholastic achievement of students who had enrolled at Iowa State University. It was further observed that there was no difference in levels of achievement of vocational agriculture graduates when compared to nonvocational agriculture graduates.

A number of investigations have been conducted to analyze what effect high school enrollment in vocational agriculture has had on achievement in the College of Agriculture. Reports on these studies lead to the same generalization made about student achievement in the various colleges. Students who had enrolled in vocational agriculture during high school generally did as well and often times did better in colleges of agriculture than did students who did not enroll in vocational agriculture while attending high school and that vocational agriculture seemed to be equal to other high school preparation for college entrance. Some of the specific findings of these studies are reported below.

In a study of 337 agricultural college freshmen at Iowa State University in 1947, it was observed, on the basis of first quarter quality point average, that vocational agriculture graduates had significantly higher quality point averages over the nonvocational agriculture graduates. In another study conducted in 1950, involving 997 male agricultural college freshmen at the same institution, it was observed that the vocational agriculture pattern of high school courses provided the best preparation for entrance into the College of Agriculture. In still another study conducted at this same institution involving 287 agricultural college freshmen, it was observed that as the number of semesters of vocational agriculture completed by the students while attending high school increased, first quarter and final college quality point averages also increased. No such relationship was observed when the first quarter and final quality point averages were compared with the number of semesters of science completed by the student while attending high school. Krebs, in a study of agricultural college freshmen at the University of Illinois, reported similar findings. He did observe, however, that the loss of students from the College of Agriculture was least for the group of students who had taken the most vocational agriculture in high school.

In a Minnesota study involving 395 agricultural college freshmen, it was reported that no significant differences were found between high school curriculum pattern (vocational agriculture, science, and mathematics) and quality point averages in all courses taken in the College of Agriculture either at the end of the first quarter or at the end of the first year.

Studies conducted to determine the relationship between vocational agriculture enrollment in high school and achievement in specific areas of technical agriculture within the College of Agriculture revealed that students who had enrolled in vocational agriculture in high school had done significantly better in the beginning courses in agricultural engineering, agronomy, and animal science than those students who had no vocational agriculture background. No differences in achievement were observed between the vocational agriculture graduates and nonvocational agriculture graduates in the advanced courses in these areas. No studies were available that evaluated achievement of vocational agriculture graduates in the area of agricultural economics.

Studies of achievement of vocational agriculture graduates in college support the viewpoint that, in general, students who select the vocational agriculture curriculum in high school and continue their education in college probably will succeed just as well in college as the students with equal ability who select some other high school curriculum. In fact, a number of studies indicate that the vocational agriculture graduates tend to get along a little better in colleges of agriculture than those who take some other pattern of studies in high school.

There are indications that students who have had advanced courses in high school mathematics and in high school science tend to have some advantage in beginning college courses in these subject areas. The typical vocational agriculture graduate may have had somewhat less courses in mathematics and perhaps in science than graduates of other high school curricula. However, the studies indicate the vocational agriculture graduates generally have enough advantage as compared with other graduates in some courses in technical agriculture to offset, or more than offset, any disadvantages that they might encounter in beginning college courses in mathematics or science.

Associate Dean Louis Thompson of Iowa State University, in an article in the Agricultural Education Magazine, wrote that he would strongly recommend enrollment in vocational agriculture if a high school student is planning a career in agriculture or in an agriculturally related occupation and is looking forward to college. He pointed out that his studies of entering freshmen in the College of Agriculture at Iowa State University have shown no significant difference in college grades between students who had backgrounds in vocational agriculture in high school and students who had no vocational agriculture.

Thompson recommended that students who plan to enroll in college elect advanced courses in high school science and mathematics in addition to vocational agriculture. However, he pointed out that college-bound students should not be counseled out of vocational agriculture into science and mathematics. He recommended that a combination of these subjects be taken rather than that they become competitive in the case of students preparing for college entrance.

AGRICULTURE PRODUCTION

Animal Science: Livestock Farmer, Poultry Farmer, Specialty Animal Farmer, Herdsman, Trainer.

Plant Science: Cereal Grain Farmer, Fiber Crop Farmer, Forage Crop Farmer, Oil Crop Farmer, Specialty Crop Farmer, Vegetable Farmer, Fruit Farmer, Ornamental Crop Farmer, Plant Disease Specialist.

Farm Mechanics: Machine Operator, Machinery and Equipment Repairman, Soil and Water Manager, Construction Maintenance Man, Electrification Technician, Herbicide Applicator.

Farm Business Management: Farm Manager, Farm Record Analyst, Farm Organization Specialist, Farm Loan Specialist.

AGRICULTURE SUPPLY AND SERVICE

Agricultural Chemicals: Pest Exterminator, Weed Inspector, Salesman, Applicator.

Feeds: Salesman, Mixer, Custom Operator, Quality Control Technician.

Seed: Analyst, Inspector, Salesman.

Other: Agricultural Agent, Artificial Inseminator, Veterinarian Aid, Horseshoer.

AGRICULTURAL MECHANICS

Power and Machinery: Farm Equipment Operator, Equipment Mechanic, Serviceman, Set-up Man, Partsman, Salesman.

Agricultural Structures and Conveniences: Farmstead Mechanization Serviceman, Service Supervisor, Office Manager, Local Dealer.

Soil and Water Management: Conservation Technician, Conservationist, Agronomist.

Agricultural Const. and Maintenance: Farmstead Planner, Equipment Set-up Man, Deliveryman.

Agricultural Mechanics Skills: Machinery Repairman.

Agricultural Electrification: Service Co. Representative, Safety Technician, Installation Serviceman.

AGRICULTURAL PRODUCTS

Laboratory Technician, Buyer, Product Inspector, Product Grader, Product Salesman, Quality Control Manager, State Inspector, Artificial Inseminator.

HORTICULTURE

Arboriculture: Arborist, Wood Plant Specialist, Tree Trimming Helper, Arboretum Superintendent.

Floriculture: Floral Designer, Flower Shop Manager, Indoor Plant Manager, Retail Florist.

Greenhouse Operation and Management: Wholesale Nurseryman, Retail Nurseryman, Plant Propagator, Indoor Plant Installer, Shipping Foreman.

Landscaping: Landscape Gardener, Grounds Keeper, Landscape Designer, Landscape Consultant, Landscape Contractor, Pest Control Specialist, Foreman Landscape Co., Parkway Supervisor.

Nursery Operation and Management: Nurseryman, Groundsman, Retail Nurseryman, Horticulturist, Maintenance Man, Rare Plant Specialist.

Turf Management: Superintendent Golf Course, Turf Supply Salesman, Turf Research Technician, Greenskeeper, Park Manager, Turf Consultant, Commercial Sod Grower, Sod Cutter, Cemetery Superintendent.

AGRICULTURE RESOURCES

Forests: Forest Ranger, Fire Warden, Crew Leader, Timber Scaler.

Recreation: Park Ranger, Park Caretaker, Camp Grounds Manager, Fish and Game Warden, Naturalist.

Soils: Soil Conservationist, Range Manager, Water Control Specialist, Industrial Waste Inspector.

Wildlife—Including Game Farms and Hunting Area: Game Keeper, Trapper, Guides, Fish Hatching Operator, Fish Farmer.

Water and Air: Public Water Supervisor, Water Control Specialist, Boat Dock Manager.

Fish: Fish Culturist, Hatchery Man.

Range: Range Manager, Range Supervisor.

Forestry: Ranger, District Manager, Timber Surveyor, Forest Consultant, Forestry Aid, Logging Inspector.

Forest Protection: Fire Watcher, Fire Patrolman, Fire Fighter.

Logging: Log Buyer, Field Man, Logging Contractor, Chief Cruiser, Crew Manager, Timber Buyer, Log Scaler.

Wood Utilization: Pulpwood Buyer, Pulpwood Contractor, Pulpwood Grower, Forest Chemist, Field Man, Yard Man.

Recreation: Park Manager, Camp Supervisor, Wildlife Researcher.

Special Products: Woods Boss, Christmas Tree Farmer, Debarker Operation.

Forestry: Logging Inspector, Mill Operator, Ranger.

Other—Agriculture: Animal Keeper, Kennel Attendant, USDA Specialist, Radio–TV Farm Director, Rural Real Estate Salesman, Farm Loan Managers, Farm Commodity Market Reporters, Vo-Ag Teacher.

Mr. SCHERLE. Steve, I want to tell you that that is a very impressive statement and also my compliments on your delivery and composition. You are in Congressman John Culver's district.

Mr. STEIGER. If I were he, I would be worried.

Mr. SCHERLE. Congressman Steiger said if he were Congressman Culver, he would be worried. Steve, you have given us a very fine statement this morning.

As a believer in all phases of education, I am sympathetic also with the discretionary measures that materialized after the Congress allowed this to be discretionary in the various States.

There is not a State in the Union that does not benefit from the youth in agriculture. I had the opportunity of coming up from Dallas, Tex., to Iowa in 1948. I have never ceased to be amazed at the philosophy, the stability, the interest in development agriculture in this great State.

I am very happy to be a part of it.

When I see youth, young adults like you testifying before this committee and the statement you made, I would certainly hope that the structure would not go so far as to completely disorient this program. The record would almost signify a need for continuation of this program.

We shouldn't sacrifice a successful element of education that has proven its worth through the years.

I would like to yield to my colleagues from Wisconsin, Mr. Steiger.

Mr. STEIGER. Congressman Scherle, thank you.

You made a very excllent and eloquent statement, one with which I have great sympathy. Let me go at it in this way: do you think that what we should do is to create separate categorical staffs for all aspects of vocational technical training?

In other words, your plea for vocational agriculture and for what has happened as a result of the amendments poses a real problem to me, that is, if we followed your advice, having done away with all except home economics in the categorical programs, what we ought to do then is to go back and create, you know, automotive, welding, machine shop, automobile repair, gasoline station management, I suspect we could sit here and name 150 separate areas of vocational technical concern each of which under your concept deserves a separate staff for its operation.

Mr. ZUMBACH. I think maybe you misunderstand my statement a little bit. I think in given circumstances we need categories and certain specific areas of vocational education as we do have today, but at the same time, I recognize the fact that this isn't going to be a workable solution for vocational education straight across the board.

For instance, maybe in some of the inner city areas where you have young people who maybe haven't even thought about investigating vocational careers, you might need some of this general across the board vocational education as some of the people in the U.S. Office are talking about.

So I am saying why can't both exist hand in hand in the U.S. Office and maybe use a little bit of discretion as to where and how the emphasis is placed.

Mr. **Steiger**. The theory is not really general vocational education at all. The theory is more appropriately whether or not there is a degree of balance insofar as the availability of different kinds of technical education.

One would question, I would question, as much as I am favorable of the FFA and vocational agriculture, whether or not funding that was made available for the 1968 amendments was really legitimate. As I recall the figures, if you took every 100 students in the United States, we were training something like 32 or 33 of them in home economics, another 20 to 21 in vocational agriculture, at a time when one would have to say that maybe there are other areas of vocational education that deserve an increase in our support.

Mr. **Zumbach**. Granted. But in the meantime, during this period of time, since 1964, say, to the present, the amount of money allocated to the States for vocational education has jumped tremendously which would help these other programs to meet their needs and start giving vocational education for the other students and the other areas that you have mentioned.

So it seems that we might at least be able to hold our own ground since we have a successful program.

Mr. **Steiger**. I am not so sure that I share your feeling that you are not capable of holding your own ground. You can go with this for a long time, and you have done an excellent job in defending this position.

My own view would be that in the end it is going to be local people and State people who are going to have to make the support and the determination.

I must say that my criticism of the vocational agriculture—and it is headed by a man from Wisconsin, as well as the FFA people in my State with whom I have argued on this point—my feeling is that they are looking to Washington to defend them when they really ought to be looking at their local school board and the State department of public instruction. That is not my bag. That is their bag and that is your bag.

So that I hope that the stress placed on USOE doesn't make everybody so conscious of what is happening in Washington that they forget that the strength and the determination is one that is locally made, not by Washington, but by people in Manchester, Iowa, or whatever city it happens to be.

So that I hope that at least the work you do in FFA and those in Iowa in FFA that they will remember they have a real role to play, to sell their story, to defend their position not based on the past but based on what that means for the future.

I have every confidence, frankly, given your ability, that you will have no problem in working that out.

That is really where it comes down to. Thank you, Mr. Chairman.

Mr. **Scherle**. Steve, how many various programs are you exposed to in FFA or vocational agriculture?

Mr. **Zumbach**. This is pretty much up to the individual chapter. This is an exploratory program within each chapter. It is pretty much up to the individual adviser. So here again, I think this list that is on the back gives you some indication of the different areas we are going into.

It is not a national program spread out across the United States, but a local program.

Mr. SCHERLE. If we are interested in training manpower, for the young people of the country today, I think it is very important that the young people today be exposed through the various programs such as FFA and vocational agriculture.

If the blame is to be given anywhere, it should go to the State board of public instruction and their determination to diminish this program and deemphasize it.

I can't agree with the decision at all, because I come from a small community. I can see the value of vocational agriculture and also in the FFA I see too many good, fine results through an organization of that type to have their funds and staff cut to the degree that it has been.

Mr. Chairman, do you wish to ask any questions at this time?

Mr. DANIELS. Mr. Scherle, I do not have any questions. I was sorry I was absent from the room when you testified. I have heard from several people that you made a very fine, impressive statement for which I want to congratulate you.

Mr. Chairman, may I announce that we will adjourn for lunch and the subcommittee will reconvene at 1 o'clock.

(Whereupon, at 12:15 p.m. the subcommittee recessed, to reconvene at 1 p.m. the same day.)

AFTER RECESS

Mr. DANIELS. The Select Subcommittee on Labor will come to order. Our next witness is Mr. Orville Allen, vice president of the American Republic Insurance Co.

STATEMENT OF ORVILLE ALLEN, VICE PRESIDENT OF AMERICAN REPUBLIC INSURANCE CO.

Mr. ALLEN. Congressman Daniels, Congressman Scherle, Congressman Steiger.

I would like to state that I certainly appreciate the opportunity to appear before you today on a matter that I feel is very vital to the city of Des Moines and the State of Iowa and our Nation as a whole.

I think the record should show that I am appearing in the absence of Watson Powell, Jr., president of the American Republic Insurance Co. and metropolitan chairman of the National Alliance of Businessmen. Mr. Powell is also vice president of the chamber of commerce and concerned mainly with the urban affairs bureau of that body.

My past experience with the matter at hand as past chairman of the working committee of the Merit Employers Council, which is the administrative body responsible for carrying out programs of that organization and as past metropolitan director of the National Alliance of Businessmen, has deeply involved me in community programs related to helping solve hard core unemployment problems in the city and I have also been vitally concerned with programs at American Republic.

I hope that my testimony today will highlight matters relating to the manpower bills which you are concerned with. I think at this point I would like to digress and to go back and do a little history of what has happened here in Des Moines. I think in relating what has happened, we can show that some of the very important features of the bills that we are talking about today have in essence been tested to a certain degree here in Des Moines and have been shown to be very effective.

President Johnson's manpower message to Congress that identified a need of the businessmen to participate in solving the hard core unemployment problem in this country established the National Alliance of Businessmen. Initially the program was to include the 50 largest metropolitan areas in the country. Des Moines, Iowa, was not included in that group.

As businessmen in Des Moines, we were rather disappointed that we were not included, because we felt we did have problems in Des Moines and that something should be done.

So as businessmen, we took the initiative of establishing our own organization. We originally started with 15 chartered companies. The organization became known as American Employers Council.

Basically, the programs of the council included outreach programs, the establishment of employment facilities in the neighborhoods, on the blocks, hoping to draw in hardcore unemployed people to give them help in becoming productively employed.

There are many other facets of the organization that are very successful but the main thrust dealt with finding people a job, following through and making sure that they were to become successful in their efforts.

Mr. Daniels. This was primarily a voluntary program. Did you receive any Federal funding?

Mr. Allen. No; we did not. The only possible implication of Federal funding would be when we worked very closely with 11 area community colleges in establishing skill training centers. These skill training centers took place in the morning and then the enrollees left the training center and went to their place of business for on-the-job training in the afternoon.

The morning sessions included basic education courses, remedial reading, things like that. We stressed very strongly if possible to put the enrollees through the GED test to receive high school equivalency. Orientation took place as far as good work habits, getting along with fellow workers, financial problems and things of that type.

The work in the afternoon, of course, being on-the-job, related specifically to the job at hand. When the enrollees entered the program they had a definite job in sight. At the end of this 11-week program the job was there. They were paid during the 11-week program.

As I mentioned, we felt that the program was very successful and we were very proud of the fact that here in Des Moines, Iowa, we were doing something initiated on the local level and from a cost factor, we were doing the job for very few dollars.

When President Nixon took office he assessed the national climate as it related to the National Alliance of Businessmen and decided that the program had on a national level been fairly successful and it was his thinking that the program should be expanded.

Consequently, we had a broadening of the program. It was to include the 125 largest metropolitan areas in the country. This is where Des Moines, Iowa, came into the picture.

When we in Des Moines had the opportunity to become a NAB city, we sat back and took a look at just how this program might help us. We were very proud of the fact that we had started a program of our own and had been successful.

And the question now was, were there any additional things that the national organization could lend to our efforts here in the city?

We had some serious questions about this. There was not a mass movement to jump on the bandwagon and become a NAB city. After serious consideration we felt there were some things that possibly would add to our efforts.

First of all, we felt that we would receive a new look. There were supportive services available. There were financial resources that were available but I would not say that these played a predominant part in the decision, however.

We retained the National Merit Employers Council when we formed the association. The organization is now known as the National Merit Council, National Alliance of Businessmen.

I think this is the only city in the country that has a title of that kind. I think all of the other cities are known as National Alliance of Businessmen Cities. We wanted to retain the identity.

What has NAB done for Des Moines? I think it has enabled us to call to the attention of more businessmen in the community the problem that faces us as far as hard core unemployment is concerned. We initiated and carried out a pledge campaign contacting businesses in the city to pledge jobs. The businessman is the person or the main source in the community as far as jobs are concerned. I think 7 out of 10 jobs we have are in the private sector. If we could get the businessmen to take the initiative, to pledge jobs, and then through our outreach programs identify the hard core unemployed, furnishing them with the necessary training available, match them up to the job, we felt we would be well on the way down the road to helping to eliminate the problem we had.

As for reception on the part of the businessmen, we had, in the city of Des Moinees, over 800 jobs pledged by 174 companies.

This was approximately a year ago. Out of 174 companies, approximately 115 of those companies have actually put people to work.

We worked with a goal as far as the National Alliance of Businessmen is concerned. They have a national goal of 614,000 by the end of June 1971. Our goal in Des Moines is 450 on the job by the end of June of this year.

At the present time, we are in the neighborhood of 250 net gain on the job. This figure, of course, indicates people who are actually working. We have put more people to work but we have lost some of the people who were originally offered employment or who originally went to work.

Our retention rate has been in the area of 60 percent which is fairly close to the national level.

We find at this point in assessing the program, at least the business community is of the opinion that they have come to the action as far as pledging jobs is concerned. I think the problem is a two-sided coin.

On the one hand, we have the businessman with the job and on the other side of the coin we have the hard core unemployed person.

I think we have to have a bridging of the gap between the two. There are some things that necessarily have to happen if this gap is to be bridged.

We have so many people here in Des Moines who fit into the category that we are referring to. We are not exactly sure about how many we have. At one time about a year and a half ago we thought there were about 3,000 people. Now we are finding it is a little bit harder to find the people than we had thought would be the case.

We have open right now in the city probably in the neighborhood of 75 jobs. We are having difficulty finding people to train for those jobs.

Why is this the case? It is an answer we would like to know. We have researched it and spent a lot of time with it. We do find there is a reluctance on the part of hard core unemployed people to take certain types of jobs and to go to work for a certain wage.

Businessmen being businessmen, of course, are a little bit hard to some bearing. I don't think there is any question in this country that there have been inequities in the past as far as black people are concerned, and as far as other minority groups are concerned.

It is very difficult for a person who has not had opportunity in the past to play the catch-up game at, say, $2 an hour. First of all, when a person goes to work, he has many problems confronting him, perhaps bill collectors, perhaps back alimony payments, a multiplicity of problems can arise just by taking the job.

But I think it is very important that we stress, and we are endeavoring to do this right now, that there needs to be more work in the area of stressing the importance of a starting point.

I think our forefathers before us pointed out very vividly, if we refer to our history, the basic principles involved in hard work, in ambition, in moving forward to a station in life that a person feels they are equipped to hold.

The starting point that I am trying to emphasize is something that has been very hard to sell. We have had arguments that the starting wages should be higher than the normal wages that are paid to employees entering the work force.

I think we are making strides in this direction. But I think this is important in any overall manpower bill, that some consideration should be given to both sides of the coin, white community, the business community, and also to the black community. We have had a lot of talk about sensitivity training for the white man, to understand the problems of the black man, or to other minority groups of unemployed people. I think a lot of progress has been made in this area. There is still a lot of work to be done.

I also think that a program should be undertaken that sensitivity programs might be the proper term to use in this area, programs to help the black man become sensitive to the thinking of the white man, because if we are going to be successful and if we are going to move forward, I think the two have to come together.

As far as the money aspects are concerned in the bill, I think people in Iowa are people who like to roll up their shirt sleeves and go to work, tackle their problems and work forward to a successful conclusion of the problem.

Moneywise, I have very serious considerations that money is the answer. Through our National Alliance of Businessmen program we have access to department of labor to funds to cover the extraordinary training costs of hard core unemployed people. The acceptance of the program in Des Moines has not been spectacular. We have had, I think, six or seven firms that have participated in this type of program. The businessman, I don't think is looking for a handout or looking for money to work with the problem. I think the businessman feels that there is a problem and he is willing to make a contribution to the community to help the community in which his business operates.

We have had programs in Des Moines that of course have been federally supported. The concentrated employment program plays a very important part of our NAB effort. Referrals are made to NAB through the concentrated employment services and the Iowa State employment service.

Of course, we have the job and this is where the matching takes place. I think to date somewhere between $3½ and $4 million have been available or are now available for the concentrated employment program.

Today I have serious reservations in my mind as to whether the taxpayer has received his fair value for these funds. Progress has been made and I think a lot of people have made a dedicated and sincere effort to make the concentrated employment program a success. I question whether the proper controls and evaluations have been made to audit that program and to make sure that it is run as efficiently as possible.

The business community looks at an organization like the concentrated employment program from a businessman's point of view. Money to a businessman, of course, is tied in very closely with his livelihood and efficiency is very important. And when the businessman looks at organizations that perhaps are not running as efficiently as possible, where the return is not what it should be, I think this breaks down the attitude of the businessman to help people in the community become gainfully employed.

I think that the climate in Des Moines has proven without a doubt the ability of agencies to work together. When we first undertook the merit employers council, National Alliance of Businessmen's organization, our first goal was to coordinate all agencies. We felt we needed a united front. We all needed to work together, to put our shoulder to the plow, instead of going off in several diverse directions, instead of having several people contact businesses for jobs, we felt we needed a united front.

And we accomplished this through coordination with the Camps board. I can't say that it was an easy task at first, but I think the job was accomplished and I think the united front was established and I think that it has proven that agencies and people can work together to accomplish the purposes at hand.

This is one thing that has been a definite asset to us here in Des Moines. The working together for the common purpose is what we have.

I sincerely hope that when we consider the manpower bills at hand, I think the administration bill and the Steiger bill both point out the importance of a united front, a coordinaated effort. And I think the planning of this should be an integral part of any program that is accepted.

Whether or not the money, the allocation of the money for the purpose is necessary in the amount stated in some of the bills is a very serious question. I think the people here in Iowa appreciate the opportunity to solve their own problems as far as possible. Then if help is needed beyond that, why, of course, that would be in order.

But I think this is something that is vital to the reestablishment perhaps of some of the basic goals that I talked about before, that have made this country one of the outstanding countries in the world.

If I could summarize just briefly, I would say the most important aspects to consider here would be programs dealing with the attitudes not only of the business community, but also the attitudes of the hard core unemployed people and the stressing of a starting point to work forward to a station in life that you are capable of having, and also the importance of the local effort and the involvement of people who are willing to roll up their sleeves and go to work.

We have committees that are established, I think in many cases from a prestige point of view, where we have prominent citizens in the community lending their names to efforts. I think this is important. I think it helps. But I don't think there is any substitute for involving people who have a sincere interest in the matter at hand and who are willing to take the time and to take the action neessary to make the program successful.

I think this is very vital to the success of any manpower program.

I think that pretty well wraps up the cmments that I have. You gentlemen are to be commended for diligently pursuing all aspects of the bills and taking the testimony around the country. And I am sure that when the votes takes place, you will assert your conscience and make the right decisions.

Mr. DANIELS. Mr. Allen, I want to compliment you on your testimony and also for the work the National Merit Employers Council has been doing here in Iowa.

You made a point of the fact that the gap must be bridged between the employer and the unemployed person. In view of your experience with this program, how do you think that gap might be bridged?

Mr. ALLEN. I think we need more leadership from people who perhaps relate to both sides of the gap. Typically, in programs, we have worked where we have had people who were very concerned about relating to hard core people or to black people. Many times these people do not relate to the businessman.

I think with the proper training these same people can relate to both, but there has been more emphasis on one side of the coin than the other. A person contacting a businessman for a pledge for jobs for hard core people, I think, is going to have to be a salesman and he is going to have to approach the businessman on the grounds that the businessman is normally used to.

If this approach is taken, I think more cooperation could be solicited. I think we have some cooperation but I think the potential is far greater than we have experienced to date.

I think in bridging the gap that it is important that the attitudes—if you talk to a businessman on the street about the hard core unemployed, he will say, "I have got a job, if you have a man who is willing to go to work, make an effort and contribute to my business," and if the answer is yes, he is willing to take the person.

In Des Moines, businessmen have to—I hesitate to use the term "lower their standards," but many businesses at one time required a high school education for employees. Many businesses have waived this and other previous standards that they have had.

The reason they have done this is that they have concluded without a doubt that there have been inequities in the past, that equal opportunity has not been available and that they have to come to the action by making changes in their businesses that will allow people to be absorbed into the business. They have done this.

I think that we have to stress to the hard core unemployed person that the opportunity is there. I think we have to stress that they will be able to be upgraded if their abilities are such; if they have the ambition and they are willing to work, in a particular business, there is the opportunity for upgrading. But we have to have a starting point some place. This is usually an entry level position which has a rather bad connotation as far as the hard core unemployed person is concerned. I don't think anyone likes to start at the bottom. But I think it has been proven that the bottom sometimes is an opportunity to better things.

If a person makes the effort, I think they can move forward. We hear more talk today in Des Moines about upgrading than we have in the past several months any time.

I think this is one area that is going to receive a lot more attention in this city, is to take the people who have come into the entry level positions and really work hard with them and spend the money necessary to make sure that they are working at the level that their abilities dictate.

Mr. Daniels. You said you have had the full support from businessmen. There are about 75 jobs available here but there are approximately 3,000 people unemployed. Is there any reason why those 75 slots should not be filled?

Mr. Allen. I don't think there is any reason. This 3,000 figure now was brought out about 2 years ago when the concentrated employment program started. It is a ballpark figure. I don't know how accurate it is. We ran our own survey at one time and the National Alliance of Businessmen felt there were probably about 600 people that would meet the guidelines to be served for our program.

The reason 75 jobs are not filled is that we have not been able to find the people to go to work at the entry level point. Some of these jobs, I would point out, are paying perhaps $1.70, $1.80, perhaps if they are not covered under the minimum wages, even lower than that.

Mr. Daniels. Would you say it is due to the fact that the compensation is not adequate or failure of motivation on the part of the individual?

Mr. Allen. I think it is both. I think that the hard-core unemployed person is very sensitive to certain types of jobs. In this country, I think some work has become undignified. It has a bad image. Also, I think a lot of hard-core people will feel that by not going to work, if they are on welfare, receiving payments or perhaps they are hustling on the street, that they are as well off or perhaps better off now than going to work for $1.70 an hour.

I think this is a sad situation, but I think it is one that is in evidence.

Mr. DANIELS. Thank you. I recognize my colleague from the State of Iowa, Mr. Scherle.

Mr. SCHERLE. Thank you, Mr. Chairman.

Mr. Allen, it is a pleasure to have you here this afternoon. We certainly welcome your oral testimony and also the fine response we get to some of the questions posed to you.

Mr. Allen, do you feel that maybe because of the opportunities that might be available that these people have been overmotivated to the extent that they won't settle for mediocre jobs?

Mr. ALLEN. I think there is that possibility that perhaps the way we have communicated the program is, that we have, I wouldn't say exaggerated, but perhaps we have built dreams in the minds of these people that they are going to move a lot faster than actually may be the case or perhaps they are going to receive more responsibility initially than has been the case.

Mr. SCHERLE. I read in the Des Moines Register the other day where in 1975 they estimate that there will be a need for 200,000 skilled workers here in Iowa. Do you think we can meet that challenge in 4 years?

Mr. ALLEN. It is going to be a tough job. I think if we are going to come anywhere close we are going to have to work more effectively in assimilating hard-core unemployed people into our work force. I think that this is actually quite an asset instead of a negative point that it is now.

Mr. SCHERLE. Isn't it surprising when, as you go through the want ad columns in the local newspapers throughout the State of Iowa, that there appears to be so many job opportunities, yet they are difficult to fill—people don't seem to want to work. Maybe as you mentioned a moment ago, they feel those jobs are beneath them? Do you think welfare, lucrative as it is in some fields, might have played a part in unemployment?

Mr. ALLEN. I think that would be a fair statement. I think that it probably has caused damage to the thinking of people who are on welfare. Perhaps it is accounted as a nonmotivational force. It hasn't stimulated them to look for bigger and better things.

The want ads in the paper, of course, as you gentlemen are aware, indicate that we have been operating in a rather tight employment market which, of course, is conducive to programs at hand. If we have a slowing of the economy, and our employment rises, we are going to be confronted with more problems as far as moving forward is concerned because the businessman is going to have his pick of perhaps a lot of people who have talent and experience. These people would tend to get the benefit over hard-core unemployed people who have not had experience.

Mr. SCHERLE. In your program which was set up through private enterprise, did you advertise for enrollees to join your program?

Mr. ALLEN. Not to a great extent. Usually, we set up the employment office up in what we call the area, or round the block as we sometimes refer to it, in a section of the city that is occupied by a large segment of the hard-core unemployed population.

We have found that a lot of the people made the comment that they hesitated to come downtown to a big business and walk in and apply for a job. Here the staff was made up or composed of people who were familiar with the residents of the area, and I think that mainly by word of mouth the word got out that people here were concerned about helping.

This is the way the thing started.

Mr. SCHERLE. What was your mortality rate once the person enrolled in this program? What was the average length of stay?

Mr. ALLEN. I don't have that figure. But I would say this: as far as retention is concerned and length of service, that the whole segment here has been as good as, or perhaps even better than, the normal work force that we are used to working with.

It depends on the type of industry that you are talking about. If you are talking about an insurance company that has a large population of females, a large population of young females, of course the turnover is very high and there are other industries that are a little bit more stable. But on the whole, I think that the turnover and length of service compares very favorably with the normal work force.

Mr. SCHERLE. Did you discover any problems that arose in the private sector as far as on-the-job training was concerned that you hadn't noticed before you administered these programs?

Mr. ALLEN. We found, of course, the first commitment from the business usually came from the chief executive officer. This did not necessarily mean that the entire organization was going to feel the same way as the president, especially if he had not communicated down his feeling or communicated his desire to have his business be concerned about the program.

We placed a lot of people where the word had not filtered down and had some conflicts. I would say that these were rather minor and that the number was not great. But we felt that this was something we wanted to avoid.

We established sensitivity programs for first-line supervisors. We had resources through the National Alliance of Businessmen office do this. I can't give you the number offhand of how many people have gone through that, I would say probably in the neighborhood of 180 to 200 people. In other words, we feel it is very important, that people or the employees in the business understand the problems of the hard-core unemployed.

This, of course, will enable them to help these people. They can break down barriers that go to help bridge that gap we were talking about a moment ago.

Mr. SCHERLE. Did you seek out the extreme hard core in trying to bring them into the program or did you try to bring people who were underemployed into your program?

Mr. ALLEN. I think this is one area where we could have improvement. We have really not categorized the hard-core unemployed section. I am of the opinion that we could break this large group down probably into different levels. I would have to say that probably we have worked with the top levels. We are moving down, of course, day by day. It is becoming evident that we cannot help all people, but we feel that we must make the effort to help all people and to make a determination if people can be helped.

It is getting, here in Des Moines, tougher. I think we still have a lot of people to work with. We are going to be busy far into the future. But I think that we do have to realize that we can't help everyone.

Mr. SCHERLE. Did you make an attempt to supplement some field of education for these people that were being trained on the job?

Mr. ALLEN. Yes. The skill training centers, we worked with the area 11 community colleges, very successfully in these areas. At the present time under the National Alliance of Businessmen we have our own training center located at the concentrated employment program area, but it is staffed by area 11 people and controlled by the NAB program.

We are putting people through training right now, with the consortium we have established. This was the contract with the Department of Labor, to reimburse companies for the extraordinary training costs.

Mr. SCHERLE. Did you have people go on to higher institutions of learning after they went through your program?

Mr. ALLEN. I think most of the businesses stress the importance of—first, I think if there is any possibility that the person can return to the secondary school and receive a high school diploma, this is something the person should do. This could be worked out through part-time work in other areas. If this is impossible, of course, you have the GED equivalency.

Mr. SCHERLE. Then it was not your intent to provide them with a sufficient amount of background with which they could pursue additional objectives in the field of education or college?

Mr. ALLEN. No, I think this is a byproduct perhaps of the system that we established. Many businesses do provide—by the way, all hard core unemployed people are not school dropouts. Many are high school graduates. Many companies have free tuition programs or evening community college programs and I think a few of the hard core people have taken advantage of this.

Mr. SCHERLE. Could the Federal programs be as successful than yours? Could they be merged into what you are doing to become more effective?

Mr. ALLEN. I feel the important thing is for the people in a community to take an assessment of the problem at hand and then to ban together in a united way to attack the problem, and to do everything possible they can to solve that problem.

I think it is an obligation as a citizen of the community. When they run into roadblocks, when they run into financial hurdles, where they do not have the resources to move forward as fast or as effectively as they possibly could, then I think that we have to look for help.

There has always been a question in my mind here in Des Moines as to whether we have reached that point, do we really need the help, or could we do a lot more if we would make up our minds to?

If the country is to solve the inequities of the past and to make a country a better place for all citizens, I think there is going to have to be some Federal funds available.

But I would hope these funds would be directed to concrete programs that would be closely audited and evaluated and that the money would be used in the most efficient way possible. I think in the past these things have gotten so big and we have gone in so many different directions and we have had a lot of little empires built up so to speak, and we have had people afraid someone is going to infringe on their empires, tear down their castles and so on that we sometimes deny the end product of our project which is to help people and put them to work.

This has got to be the predominant thing in our mind if we are going to succeed.

Mr. SCHERLE. Thank you, Mr. Chairman.

Mr. DANIELS. I recognize the gentleman from Wisconsin, Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman. I know we are running out of time. I do want to simply tell Mr. Allen how very helpful this testimony has been. This is one of the reasons, as Congressman Scherle has already indicated, why we make these trips so we can have the opportunity to hear people in the field as to how what already is going on really is working. What is the size of the JOBS contract with which you are associated now?

Mr. ALLEN. The consortium contract involves six companies. The contract is at $200,000. Peoplewise we are talking about 105 jobs.

Mr. STEIGER. It is $213,000 and 123 jobs?

Mr. ALLEN. Yes, that is probably it.

Mr. STEIGER. You indicated that the American Employers Council, a non-NAB program, had 800 jobs pledged by 174 companies.

Mr. ALLEN. That was a pledge. By the way, that is the Merit Employers Council. When we merged, so to speak, and I don't know whether the national NAB office would agree with me, but when we established the coalition between the Merit Employers Council and the National Alliance of Businessmen, we had a pledge campaign and this is where those jobs appear.

Mr. STEIGER. You now have 115 companies in Des Moines that pledged jobs?

Mr. ALLEN. These are the companies that have paid off, so to speak, or have acted on their pledge.

The reason that all of the companies have not acted, perhaps some of the pledges were insincere. Perhaps there has been a slowing of the particular business and there have been layoffs and other reasons.

Mr. STEIGER. What specifically is the relationship between the Merit Employers Council-NABS, and concentrated employment program?

Mr. ALLEN. We depend upon the concentrated employment program to refer to us the people to assimilate into the work force. In other words, we have, as I mentioned, so many jobs open today. The concentrated employment program and the out-of-State employment services are aware of these openings. They refer to us the people to fill these jobs.

Mr. STEIGER. You have indicated some difficulties, say with CEP in Des Moines. I would like specifically to know what you see as the problems as to why CEP in this city has done really such a very bad job, if I may characterize it that way, in terms of the goal it has set, the number of placements it has, and the $2 million-plus that have been spent since 1968 through January of this year on that program in this city?

Mr. ALLEN. My comments would be—were you summarizing, Congressman, my feelings toward CEP or were those your own?

Mr. STEIGER. No. I was simply making an inferential judgment based on the facts as I see them in terms of what their goal was and where they stand and they are a long way from their goal and a lot of money has been spent. What I am interested in is what you see as the reasons for the failure of CEP to do as good a job as they had expected to do?

Mr. Allen. I would preface my initial remarks by saying that when the concentrated employment program came back in Des Moines that the business community was solidly behind it. In fact, the first director was a businessman on loan from Northwestern Bell Telephone. In starting a program such as this, there are many obstacles. Many of these were anticipated initially and many unforeseen problems were created.

My assessment is that I think that the concentrated employment program has done some good in Des Moines. At one point, I took the liberty of figuring out the net gain in the work force that could be attributed to CEP and the money that had been spent up to that time and I came up with the figure of between $11,000 and $12,000 per person.

I don't know who makes a judgment on how much it is worth to put a person to work. Do you put them in the work force and make them a success?

Perhaps this is an economical figure. The money that I was talking about as far as CEP is concerned might not seem like much money in Washington, but here in Des Moines, Iowa, it seems like a lot of money. I think that the nature of our people is to take a good look at every dollar they spend and to try to utilize fully the potential that is in that dollar.

I feel and I would commend CEP in certain respects, but I think overall that perhaps more could be done. The people who are running the program, I think, are sincere, are compassionate, they have spent a lot of time planning and changing plans and so on. I don't know whether we can lay the blame, if there is any blame, in any certain direction.

But I think it is very important that we take a very good look at this program or any other program that we have coming our way and establish good controls on a local level, audit the programs and evaluate and progress from there.

Mr. Steiger. I did not clearly understand what you were discussing in terms of the educational center run by the area community college which was associated with the CEP program. Is this a different institution than the MTTA skill center at the Des Moines skill center?

Mr. Allen. The center is located in the building and is occupied by the concentrated employment service.

Mr. Steiger. You are talking about having created under CEP though, run by the community college a separate institution strictly for CEP, which is different than that run by the Des Moines skill center? Is that correct?

Mr. Allen. Yes, this particular center relates more directly to the consortium effort that we are involved within training people under the contract with the Department of Labor.

Mr. Steiger. Why did the consortium decide to use this CEP center versus the Des Moines skill center?

Mr. Allen. Because of the limitations on the center to handle the people that we would be working with.

Mr. STEIGER. It is not a question of program offered by the skill center, but is it just simply that their facility is limited to what it could offer?

Mr. ALLEN. Yes.

Mr. STEIGER. You have been very helpful. I may come back to you with some further supplementary questions when we leave and I have a chance to review some of this. Thank you for coming.

Mr. DANIELS. Mr. Allen, I have one further question. You mentioned in response to questions from Congressman Steiger that the cost per trainee was about $11,000 to $12,000. Can you break that down for us? Over what period of time? How many people are involved in the program?

Mr. ALLEN. Yes, I can make that available for you.

Mr. DANIELS. Could you submit that for the record?

Mr. ALLEN. Yes.

Mr. DANIELS. You can address your communication to me. I will incorporate it in the record.

(The information requested follows:)

AMERICAN REPUBLIC INSURANCE COMPANY,
Des Moines, Iowa, May 22, 1970.

Representative DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor,
402 Cannon Building,
Washington, D.C.

DEAR REPRESENTATIVE DANIELS: The information I furnished the Select Subcommittee on Labor during the March 31 field hearings in Des Moines was based on information I received during a meeting held December 19, 1969, with representatives of the City, C.E.P. and N.A.B. present. Mr. Richard Wilkey, Assistant to the City Manager, stated the following facts. During an 18 month period beginning July 1, 1968, the C.E.P. Program had an intake of 1183 people. Of this number, 816 were referred to employers with 272 people being hired. Out of the 272 who were employed, they experienced a net gain of 170 jobs. This means that out of the 272 employed 170 remained on the job. If you divide 170 into the 2.3 million dollars spent during the 18 month period, you arrive at a cost per person of $13,723.00. The question of how much we helped the people who were not employed, is, of course, a difficult question to answer. Regardless of this aspect I feel the costs are exceptionally high.

If I can be of any additional help, please contact me at your convenience.

Respectfully yours,

ORVILLE L. ALLEN, *Vice President.*

Mr. DANIELS. On behalf of the committee, I want to express our thanks to you.

Our final witness of the day is Mr. Charles C. Ingersoll, administrator of the Broadlawn Polk County Hospital.

STATEMENT OF CHARLES C. INGERSOLL, ADMINISTRATOR, BROADLAWN POLK COUNTY HOSPITAL, DES MOINES, IOWA; ACCOMPANIED BY L. W. COE, EXECUTIVE VICE PRESIDENT, IOWA HOSPITAL ASSOCIATION; AND R. W. BERGLUND, COUNSEL

Mr. INGERSOLL. I have with me Mr. L. W. Coe, executive vice president of the Iowa Hospital Association and Atty. Richard Berglund who is counsel for the association.

I will be actually testifying on behalf of the association as its president-elect.

We have a membership of 140 hospitals here in Iowa. My interest today and the interest of our association is a little bit broader than just the hospital field. Actually, if I may presume, I am going to attempt to represent the health field. Although, obviously our association only represents a modest part of it since the providers in nursing homes, industry, the public health, governmental services and others are also deeply involved in providing health services.

The point is, of course, we are a very large employer of professional and technical and ancillary skills in our health system.

It is estimated now by the U.S. Public Health Service that the American health system employs something in excess of 3,300,000 people out of the total work force in this country. Approximately a third of this, a little over 1 million, are people with advanced degrees, postgraduate training of one type or another. But, of significant importance, two-thirds are people whose work area does not require this level of skills and knowledge.

It is, of course, to this group that we direct our interest and I believe your bill either directly or indirectly applies. It certainly will address itself to that.

I listened with interest to Mr. Allen's report to you. We are a part of the hospitals here in Des Moines, also involved in this merit employment system effort of the community.

We have taken in the hard-core unemployed and attempted, I think, to create career ladders for not only the people in this area, but within our own institution where perhaps in the past a janitor was a janitor and a painter was a painter. We have now over the years recently reviewed our job levels and said, "Where can that person progress? To what other areas or perhaps modestly more skills, better pay, more personal recognition, where can he go? Or is it a dead end job?

I think we are attempting to do this in a realistic way in the health field.

Mr. **Steiger.** Do you have a new careers contract?

Mr. **Ingersall.** Yes: we do.

Mr. **Steiger.** With the Labor Department?

Mr. **Ingersoll.** I have become a little cloudy there, Congressman, because much of this is handled through my personnel director. Although I am involved in it, I sometimes forget with whom the various—we were at one time working with five different agencies in creating jobs, and so forth. We have new careers, because we have created them in our occupational therapy department and in our psychiatric social work department, where we brought people in without high school degrees.

They gained education toward equivalency at the same time that they were being trained by our people and also had taken some work at Drake University. This was toward creating advancement for them and it was the new careers program. But I have forgotten with whom the contract was signed.

I have a question for the committee, and I am sure you know the answer, and I don't. These bills that you are now considering, do they supplement, replace, or are they totally different than the health manpower bill, the most recent one of which was 490? Is this in competition with, supplemental to, or a replacement of?

Mr. **Daniels**. What we are endeavoring to do by the legislation under consideration is to review all of our manpower programs, to make a study of those which have been very effective, those that have not been too effective, those that have been wasteful, some have been very progressive and others have not.

Mr. **Steiger**. If the chairman would yield, it is supplemental to the Health Manpower Act of 1968, which is under the jurisdiction of the Interstate and Foreign Commerce Committee in the House of Representatives. It is not a replacement for nor a substitution for that act.

Mr. **Ingersoll**. Thank you, Congressman.

Mr. **Scherle**. Mr. Ingersoll, I think it would be interesting for the committee, since you brought it up, to give us your general feeling on the health manpower bill.

Mr. **Ingersoll**. Thank you, Congressman. I appreciate it.

Mr. **Scherle**. We are going to take into consideration all manpower bills and if for some reason this health manpower affects you one way or the other we would want to know this.

Mr. **Daniels**. If I may add to what the Congressman has said, even though we may not have jurisdiction.

We will make sure your message gets back to the appropriate committee.

Mr. **Ingersoll**. Thank you, Mr. Chairman. I can make an observation here along this line. I appreciate the opportunity. Perhaps the gentleman with me may embellish it here to make it more clear.

I think the hospital system across the United States is no stranger to educational programs. We have had a practice over the last 100 or more years of teaching the skills to the personnel working in the hospitals since there was no one else doing it. This is back in history a ways.

But more recently, of course, the vocational schools, the area community colleges, junior colleges, baccalaureate and higher grade programs have filled a role of considerable importance in the skilled professions again, for the most part.

The hospital itself is still to a great measure attempting to train its own housekeeping staffs, its own dietary nurses aides and orderlies, and ward clerks, and so forth, wherein again perhaps one-third of all the people in the hospital are in these supporting service areas, laundry, maintenance.

Mr. **Scherle**. If I may interrupt, do you have any general complaint as far as the Federal programs are concerned as it affects your business?

Mr. **Ingersoll**. Yes, I do; in about one minute here. Thank you, Congressman.

We are cooperating with running our own training programs, cooperating with the other training programs. What we are finding, however, is that we have a significant problem, Congressman Scherle, in the area of nursing. We need nursing. We need trained nurses. We need to guarantee the continuity of their coming into the labor market.

We view with significant alarm, great alarm, the fact that there are schools, approved schools, with competent faculty who are closing across the Nation due to the extreme costs of continuing their operation. For the most part, these are located in hospitals. At one time there were 2,000 schools of nursing. There are now approximately 750 in this country.

Iowa a few years ago had 22. I think it was about 6 years ago. We now have 15 hospital-supported schools. There are many reasons for this. I graduated from a relatively small school that graduates in the vicinity of 30 to 35 students a year. A number of them go into the armed services, go to work for Veterans' Administration, school systems, industry; that is fine. Our school is 52 years old now. But we also employ some of our own graduates.

And as the noose is drawn tighter on the supply of nurses, we are not going to have anyone to supervise the folks trained at the area community colleges, the people trained at the vocational schools, the licensed practical nurses, the war aides, and so forth that can be trained.

They are trainable and the people that can advance aren't going to have any supervision because I greatly fear and my colleagues do, that there is a shortage of nurses coming so rapidly that we are really facing rather catastrophic situations.

Mr. SCHERLE. What is the shortage of nurses today in Iowa or hospital personnel that could be trained in various schools? Do you have any figure?

Mr. INGERSOLL. I don't really have it. In the professional areas, it is variously reported up to 20 percent.

Mr. SCHERLE. What is your suggestion as far as Federal programs are concerned? Additional financing, additional schools? What would you recommend?

Mr. INGERSOLL. It is not necessarily additional schools. We have been an exponent, sir, of encouraging the Federal loan program, the repayable loan program.

If the student applying for access to a school of nursing can receive some support in the way of a loan to pay her tuition, and her room and board, and his, because we certainly have male students, too, they can achieve. They can graduate. They can go into the labor market with jobs begging for them to come.

I can give you briefly for the record, or for the other groups' record, if that will help, a rather interesting set of data for my own school for this current school year wherein we have ADC mothers that are achieving, will graduate this year. They have had a very hard time taking 27 months out of their life with children at home and for the most part as far as I know, no husbands helping. It couldn't be or they wouldn't be on ADC.

They are going to be in the labor market productively employed. They will graduate at an adequate level.

If they hadn't had the Federal funds and they are on Federal student loan, they wouldn't be there. Next year we will have fewer of these because we will have a reduction in our Federal loan program.

It is to this that I was speaking which is an aside to your specific hearings, but I think germane in the total.

Mr. SCHERLE. We are primarily trying to find ways to create employment by training people who have the desire to be employed. Hopefully it will motivate those people to find their place in society.

I don't know of a greater field of opportunity available than those in the field of hospitals or medical assistance. Particulary with the increased attention that medicaid and medicare bring, the medical service field will certainly increase. We have got to provide therefore some means of training these people to fill these new medical jobs.

Would you advocate then what Congress recommends, more money in the field of student loans for these people?

Mr. INGERSOLL. Yes, sir. I think that is the specific area, to strengthen the national effort in this regard. We do not need significant money for other supportive education—it would be appreciated, but it is the student loan area with the payback arranged over 10 years as the Congress has provided in the past, which is a delightful arrangement. Most of these young folks coming from families of a large number of children and very low income, can't go to the bank or to the building and loan agency and borrow $1,000 or $1,200 because they have not collateral.

So the Federal loan is the key to it, yes, sir.

Mr. SCHERLE. Don't the hospitals realize that they are going to have to have an increasing number of nurses to supplement those that are quitting or are going to retirement? How do they anticipate getting these nurses if they don't train more nurses?

Mr. INGERSOLL. Hospitals in recent years have taken stock of the work assignment allocated to the various levels of people, Congressman, and I think realistically we are attempting through self-evaluation, through the project that Mr. Coe can speak to, to relieve the nurse of nonnursing duties so that she may concentrate her effort on supervising her team instead of doing make-work that another person could do.

I think we perhaps will not need a significantly greater number of nurses in hospitals and nursing homes than we have now, except as the population expands, but we certainly will have to maintain and slightly improve our present position.

One way is to get the nurse back to nursing and not have her do nonnursing functions.

Mr. SCHERLE. Our primary interest, of course, is to find out what we can do to assist these people. If your total analysis of the situation is more money, then perhaps we have to take another look in that field to provide the means that they will have to have in the near future.

Mr. INGERSOLL. The loan funds, I can't help but think, come home to roost for the benefit of the country without being something that is paid out that is hard to evaluate the end result. The loans do get paid back and become a revolving loan.

Mr. Coe might mention this effort that we were attempting to work out here with the baccalaureate school here in Iowa.

Mr. COE. About 6 months ago, I was asked by one of the agencies in Washington to write a grant in the area. We are talking about the hard core young men and women who have the intelligence level of carrying baccalaureate work in nursing. I wrote a grant and I was very happy to do it. It came out of the American Association of Medical Colleges. I think what they were doing were sopping up some of the OEO grants.

Anyway, this was on request. So I proceeded to get a college that would accept, they would increase their enrollment here in Iowa by 12. I also found with amazement that the committee on welfare people made up of key people around the State to find out the number of highly intelligent youngsters in this arena of poverty, hard core poverty, would come up with these 12 people who are now either about a half a jump ahead of the sheriff or in some menial task or maybe going to a vocational school and being under-educated for the abilities that they are capable of handling.

In that grant, and I think the reason it was turned down was really the specification which I think is a very moral issue, a moral obligation on my part, that I wanted a guarantee that once I recruited 12 of these people—because they have lived on disappointments—that they would guarantee that they would finish. I think the addendum that I put on this was a thing that really squelched the grant in the first place.

They got the hardest part of the job done which is to get a school to accept 12 more and bring them in and integrate them into the rest of beginning classes. So we have people and we have schools that will be willing to take them. Our Association is willing, we have got the talent to help develop along with other expertise in curriculum and this kind of thing.

The weakness is we don't know where to find these people. But from this welfare group, the know where to find them. I was amazed at the number of some of these young ladies on ADC second high in their class. One was from over here in east Des Moines. One boy who is in trouble all the time is a National Merit Scholar winner, but they are interested in this area. How can we break this link loose because we are not talking about the people we train, I think we are talking about people we can educate that are in this group.

I think we are losing a lot of ground in this area.

Mr. SCHERLE. Mr. Chairman, thank you.

Mr. DANIELS. Mr. Ingersoll, what do you estimate to be the number of nurses in this country?

Mr. INGERSOLL. 200,000 to 250,000. This is not my estimate. But it is the Surgeon General's estimate and it has been updated by the U.S. Public Health Service.

Mr. DANIELS. How many are we training this year?

Mr. INGERSOLL. Approximately 80,000, 60,000 of whom are in hospital diploma schools and 20,000 from baccalaureate and junior college schools.

Mr. DANIELS. Of course, we do under our cultural exchange programs permit a number of nurses to come here from foreign countries to aid during a period of emergencies such as Korean and Philippine nurses.

Mr. INGERSOLL. Yes, sir. There are problems with that, but this is true, I think in some areas, the nurses, the licensed skilled nurse, regardless of her ability, command of English and so forth, is important.

Mr. DANIELS. I know in my State nurses are required to have a knowledge of the English language. Otherwise, they will not be admitted. I think even under the immigration laws they must have a knowledge of the English language.

We have found your testimony most interesting.

Mr. INGERSOLL. We appreciate the opportunity, Mr. Chairman. I grant, we are slightly afield of the main purpose, the main thrust of your hearings but I think we are complementary to your hearings. We complement you but we are also parallel in this area of employing the people that the earlier speakers testifying were directing their attention to, and that your bills, Mr. Steiger and the administration bill touch on.

You asked a question earlier that I didn't answer. I will now. I would hope that this is a Federal-State partnership with an opportunity for the people at the State level to give local direction, local administration to the bill that you are passing and also the Health Manpower bill.

We feel that we all have an input that is important, that the consumer does, the educational groups do, the other State agencies that are involved, program and planning and others, the area community colleges, all of them that are involved in this want to be close to the source of decision.

And from time to time, even in my little operation, I become weary having to have my comptroller call Washington, D.C. to talk about the Nurse Training Act. There isn't anyone else to talk to. We have to keep calling Washington. We get the answer. Don't misunderstand me. But it is very impersonal. You just get somebody at the end of a number that you can't really talk to and convey your message.

We will do much better, I think, implementing our educational programs and training programs if they can be deeply rooted in the States.

Mr. DANIELS. I would like to recognize my colleague, from Wisconsin, Mr. Steiger.

Mr. STEIGER. I have no questions. I very much appreciate Mr. Ingersoll coming. I listened with great interest. I think we have a lot to learn about what we do about the delivery of health care services. The kind of job you are doing is extremely important.

Mr. INGERSOLL. Thank you, sir.

Mr. DANIELS. That concludes our hearing today. I want to thank you gentlemen for your presence and your testimony.

The committee stands adjourned.

(Whereupon, at 2:25 p.m. the subcommittee adjourned.)

ED0 56855

MANPOWER ACT OF 1969

HEARINGS

BEFORE THE

SELECT SUBCOMMITTEE ON LABOR

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

SECOND SESSION

ON

H.R. 10908, H.R. 11620, AND H.R. 13472

BILLS TO ASSURE AN OPPORTUNITY FOR EMPLOYMENT TO EVERY AMERICAN SEEKING WORK AND TO MAKE AVAILABLE THE EDUCATION AND TRAINING NEEDED BY ANY PERSONS TO QUALIFY FOR EMPLOYMENT CONSISTENT WITH HIS HIGHEST POTENTIAL AND CAPABILITY, AND FOR OTHER PURPOSES

PART 2

SEATTLE, WASH., APRIL 1, 1970; LOS ANGELES, CALIF., APRIL 4, 1970; WASHINGTON, D.C., APRIL 9, 20, 21, 22, 23, 24, 29, AND 30; MAY 1 AND 6, 1970

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

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MANPOWER ACT OF 1969

WEDNESDAY, APRIL 1, 1970

House of Representatives,
Select Subcommittee on Labor,
of the Committee on Education and Labor,
Seattle, Wash.

The subcommittee met, pursuant to adjournment, at 10 a.m., in the Olympic Room, Seattle Center, the Honorable Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels (presiding), Meeds, and Steiger.

Also Present · Daniel Krivit, majority counsel, and Marty LaVor, minority legislative coordinator.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

Originally it was widely thought and believed that the fault of being jobless rested exclusively with the unemployed. Experience has revealed that if people were deficient, so, too, was the system. The unemployed and underemployed not only lacked basic job skills and education, but also were often trapped in the slum-ridden area of the inner cities and poverty stricken rural areas.

Unfortunately, the disadvantaged of our ciitzens are those least likely to know about manpower services. Many of the presently unemployed or underemployed are disillusioned.

The purpose of these field hearings are to learn from the administrators of the Manpower programs and elected officials how to coordinate and improve the delivery system of manpower services. And to question recipients of manpower services to learn how to make Manpower programs more responsive to individual needs of the unemployed and the underemployed.

There are several important bills before our committee dealing with this subject matter.

Before I call our first witness to testify, I would like to introduce the members of the subcommittee who have accompanied me to Seattle this morning.

On my immediate left is Congressman Lloyd Meeds of the State of Washington, a representative of this area and an original sponsor of one of the bills, H.R. 11623, which is identical with a bill sponsored by my colleague, Mr. O'Hara, who introduced H.R. 11620.

On my right is Congressman Steiger of the State of Wisconsin. He is the sponsor of H.R. 10908.

I am pleased to say to you we are happy to come here to the State of Washington to conduct these hearings because we know you have a serious manpower problem up here. We are interested in obtaining your views on how to implement the present law and how it may be revised in order to get the most effective program.

It is the feeling of our committee that every person, regardless of who he is, who desires an opportunity to work should be afforded that opportunity of not only obtaining a job to his liking but also to be gainfully employed with dignity.

I recognize the gentleman from Washington, Mr. Meeds.

Mr. MEEDS. Thank you, Mr. Chairman.

I would like to just take a moment to welcome you and my colleague, Bill Steiger of Wisconsin, to the most beautiful city in the Northwest. You should have been here yesterday—as the fishermen say—because we had sunshine and it was a lovely day. Today, unfortunately, it is raining. I hope before the subcommittee leaves the area that you will have an opportunity to see much of what we have to offer you. Unfortunately, right now it is beyond the clouds somewhere.

I am very happy you, Mr. Chairman, and Bill Steiger have taken your time—remember, these gentlemen could be in their own congressional districts—to come to this city in the Northwest and to hold these hearings here in an area where we have a very special problem, a problem which I hope does not spread to the rest of the country. Today we have in this State 8.3-percent unemployment. Unfortunately, I think it makes a large portion of our legislation questionable as to whether it can really be implemented.

We are faced here not only with the problem of implementing the manpower program but also with the problem of having a high unemployment rate. We need some place for the people to go after they are trained.

I am reminded of what Leon Keyserling said before our committee in Washington, D.C. He said:

> We have also learned from recent and costly experiences that Manpower Training programs, however well devised and necessary, constitute a mixture of utility and futility unless there is adequate job creation.

I think, Mr. Chairman and Mr. Steiger, that this is the unfortunate situation in which we find ourselves in the State of Washington at this time. I am hopeful that those portions of this legislation which create utility—and there are many portions of both pieces of legislation that do this—I hope those can be implemented. I hope those aspects of both pieces of legislation which under present economic circumstances create the futility, that is to say, the futility of training people and having no place for them to utilize those training skills. I hope those are not held out as a panacea while the economic conditions are such as they are.

I would also like to make special mention of the fact that both of my colleagues are very industrious and capable members of the floor committee. Mr. Steiger is one of the most knowledgeable people in Congress on the entire question of manpower training. Of course Chairman Daniels has been in this business for some time and is one of the most respected and well-recognized Members of Congress, not only in this field but in others. It is with a great deal of pleasure that I welcome both of these gentlemen here.

Mr. DANIELS. Thank you, Lloyd, for your very kind remarks.

Our first witness this morning is the Honorable Wes Uhlman, mayor of the city of Seattle.

Mayor Uhlman, I extend to you a most cordial welcome. I am indeed happy you saw fit to come here to testify today.

STATEMENT OF HON. WES UHLMAN, MAYOR, CITY OF SEATTLE

Mr. UHLMAN. Thank you, Congressman Daniels.

I would like to welcome you to Seattle. We are privileged to have you distinguished Members of the Congress here in our city on this very important subject.

For your information, we have arranged for you and members of your immediate staffs to be our guests at the Space Needle on the campus of this center for lunch. I am sorry I will be unable to attend with you, but I have a longstanding commitment.

Mr. DANIELS. May I thank you for your very kind invitation.

Mr. UHLMAN. The subject which brings you here today is of national priority and vital to the economy of this region.

Our employment problems are worse than many other areas in the country. Without question, the fiscal policies of the national administration are contributing to an economic recession that is growing more serious each week.

Prompt action by the Congress is essential to provide local government with some of the tools to do what we can in this period of economic difficulty and rising unemployment.

The big cities of America, and the Seattle area, are in critical need at this time, they need money, improved program management of fragmented manpower programs, and authority.

Your focus and ours must be on job-creation efforts as well as management reform. This was the consensus of the Western Mayors Conference which I hosted last week here in Seattle.

I would like to comment briefly on the several bills before your subcommittee.

We welcome the introduction of many of the concepts contained in these bills. The decentralization of manpower services from the Federal level to the local level is a major step. Pending legislation recognizes the ability of local communities to deal with their own problems. More importantly, it will reduce the proliferation of earmarked programs at the Federal level which has resulted in the current hodgepodge of programs that has often confused even the experts in the field.

The reference in the legislation to the "highest appropriate executive" of a local unit of government is a welcome addition, but these references should be made much more specific.

The mayor's office of the major city in a standard metropolitan statistical area (SMSA) should be the presumptive local prime sponsor responsible for planning and administering programs assisted by the act. Another local prime sponsor should only be considered where the mayor either does not want to be prime sponsor or where it can be demonstrated that his office is not competent to manage such duties.

The provision that units of local government encompassing 75 percent of the population of the SMSA, or a combination thereof, may choose their own local prime sponsor would be of little aid to major cities. Seattle, being the 16th largest city in the country, of course, is in that category. Few, if any, of them contain that much of the SMSA population and most surrounding suburban communities have little interest in manpower programs. I would urge again that the largest city in the SMSA be the presumptive local prime sponsor.

I would also like to raise some questions concerning the role of State government in the manpower field. Major cities, including Seattle, have found it of little benefit to have the State inserted between the city and its dealings with the Federal Government. This is especially true with manpower programs. The State definitely has a role in overall statewide manpower planning and a direct role in unincorporated areas and small communities. However, in cities like Seattle, the State plays little direct role and would undoubtedly adversely affect the bulk of the funds getting down to the people who need it as quickly as possible. In short, there is inserted one more layer of red governmental tape to penetrate.

It is also indicated in the legislation that if a local area advisory body develops a plan for an SMSA, the Governor may include such plan in the statewide plan or he may exclude it at his discretion. While there is some provision for mediating such a situation, this is most unsatisfactory. It is important that any plan developed by a local area advisory body be mandatorily included in the State plan and the Governor be allowed to make comments on that local plan if he so desires.

While I urge the prompt passage of the bills sponsored by the administration, with certain amendments as I have just discussed, I want to underline the significant need for a job creation program authorized in a bill such as H.R. 11620, introduced by Representative O'Hara of Michigan.

The administration bill would provide the needed coordination of delivery systems, but in the present economic squeeze, coordination of training and delivery services mean little if jobs are not available. Here in Seattle our unemployment is approaching 10 percent, which is more than twice the national average. We need money to provide work for our citizens. Many public service positions could be made available if funds to provide salaries were available from the Federal Government.

In short, gentlemen, we need the approaches expressed in both bills to solve our several manpower problems.

The city of Seattle is proud of its past efforts at providing training and jobs for our citizens. We are also aware of our past shortcomings in this area. We are now ready to assume additional responsibility with regard to manpower efforts. Not only have we taken steps to deal with our own internal situation, but, also, we want to assume the planning and management of all manpower programs in our area. I ask that you give my office and the city the chance to get involved and exercise the leadership needed in these programs at the local level. The national administration may create severe local employment or welfare problems through national policy, the state may exacerbate these employment or welfare problems by inefficient or inept delivery systems, but the people, gentlemen, sit in the mayor's office. We are simply asking for the tools to solve these problems.

I would introduce at this time Ed Singler. He is the city of Seattle manpower coordinator.

Mr. Daniels. Does he desire to make a statement?

Mr. Singler. No.

Mr. Daniels. I want to thank you for your comments. I would deduct from what you have said that you support the administration bill sponsored by Congressman O'Hara, supporting the view of decentralizing the programs, that each State would formulate its own plans which they would submit to the Secretary of Labor for approval?

Mr. UHLMAN. As a matter of fact, I support the concept for decentralization and returning to the local level the manpower delivery systems. I submit, however, that the veto power given to the Governor is simply something that is inimical to the system if we really want to talk about the client, and by the client I mean the person with whom we are dealing on the local level.

I feel, for example—a major difference which ought to be in the bill—that the burden should be put on the Governor to tell why the local plan is not a solid one instead of the other way around.

Mr. DANIELS. In other words, should the Governor disapprove of the local program or vetoes it, as the bill provides, he should explain and give the specific reasons why that plan is being vetoed?

Mr. UHLMAN. As I understand in reading the arbitration provisions in the bill, the secretary of state is the entity to which the arbitration is provided. I am suggesting simply that the burden of proof be shifted. The bill, as it now stands, stands with the city. I am suggesting since the cities are where the problems are, the Governor ought to have the burden of proof in the arbitration procedure to show why that city's program is not a solid one in the statewide plan.

Mr. DANIELS. Mr. Mayor, on page 2 of your statement, you have mentioned that many of the manpower programs are fragmented. Would you relate to us your experiences with the existing manpower programs, your criticisms thereof, and what you believe could be done to improve those programs.

Mr. UHLMAN. I think, first of all—and again, as I mentioned, I am a new mayor and I have come into this office and found that from a management standpoint we have no management tools over the various delivery systems that come in from Labor, HEW, and all the rest. Very often we have found—I have found—we don't really know what the interaction of one program is with another Federal program. As a matter of fact, not too long ago I recently had in my office a representative from two Federal agencies. They certainly agreed with me that the delivery systems we currently have are not coordinated.

I was so pleased when Secretary Lovell was out last week and announced a small planning grant for us in the office of the mayor of Seattle and other cities to gear ourselves up to the point where we would know better what we are talking about so we can take the responsibility I am requesting here in my testimony today.

Mr. DANIELS. You mentioned in the course of your testimony the unemployment rate here in Seattle is about 10 percent. Would you tell this committee what the population is of your area and where you find the most unemployment, what these unemployed are doing and what is being done to reemploy them or retrain them in another program?

Mr. UHLMAN. First of all, the population of the city of Seattle is approximately 510,000.

Second, of course, the big problem we are faced with here in the city is the aerospace industry. As you know, we are in a slump in the aerospace industry on a national basis. This arises from a series of reasons, such as the policies of the national administration and others. In any event, in answer to your question, there is very little we can do in terms of retraining individuals if there are no jobs to retrain them for. This, of course, is the frustration we are faced with here.

This is why I would favor a real comprehensive Manpower Act if we are going to do something about manpower; instead of just dealing with the superficiality of the delivery system, going into the very basic question, the very basic need, of job creation. This is really what we need in our area.

Mr. Daniels. What type persons are composing the 10 percent of which you speak?

Mr. Uhlman. I was speaking just recently with one of the newsmen who was filming for one of our local channels the line of people waiting for food stamps. He noted some 17, 18, 19 persons in that line dressed like you and I are, obviously Boeing engineers. In discussing this question as to who is unemployed with the Boeing Co., representatives and other persons in our area, I think it is more accurate to say we are talking about the very top level management, in the $25,000 to $30,000 category on down to a substantial number of Boeing engineer types at the $10,000 to $20,000 level. This is probably one of the largest categories. Of course the first person always laid off in an economic recession is often the minority person.

Mr. Daniels. In regards to these people in the upper levels, do you believe there are sufficient opportunities for employment in this area for them without the need or necessity for a retraining program to retrain them?

Mr. Uhlman. I think many of them have skills that are of a sufficient level that retraining would really not be appropriate if, in fact, we could continue some type of aerospace related industry here or diversify with the aerospace related industry. They are highly skilled people. It would seem to me to be a waste of manpower training resources if we retrain them for something else when eventually we know that in this particular industry there will be an upswing very shortly.

Mr. Daniels. Do you not believe we are on a collision course when we are here conducting hearings for the purpose of adopting legislation which will insure to every man and woman who desires employment, has the will to be employed, and to obtain a job at a decent salary so they can live in decency and respect, when at the same time our national administration is promoting legislation to increase unemployment?

Mr. Uhlman. Congressman Daniels, you just made my speech.

Mr. Steiger. What specific legislation is the administration promoting that encourages unemployment? You have fascinated me.

Mr. Daniels. For the administration that has the power of issuing directives and orders to various agencies of the government, such as in the monetary and fiscal area, to slow down the economy and increase unemployment—for example, in the Defense Department, they have removed, or intend to remove somewhere between 60,000 and 80,000 people. And at the same time they are urging many people in the Defense Department to involuntary retirement, I am well acquainted with this because I also serve as chairman of the Insurance, Health and Retirement of the House Post Office Civil Service Committee.

Mr. Steiger. Without taking away from the mayor's statement—which I have some very serious disagreements in terms of one part in the earlier moments of his statement—actually——

Mr. Daniels. Mr. Steiger, I will recognize you for the purpose of questioning Mayor Uhlman.

Mr. Steiger. Actually, we are not talking about legislation at all. You can talk about policies of the national administration any way you want to. I would fairly characterize, would I not, Mr. Mayor, the situation facing us here in Seatle is not so much related to national legislation but it is the specific call to disengage from Vietnam, the ending of 707's on the production line, the almost complete termination of the 727's and 737's, and some increase in 747 which poses for your particular city a unique type of problem. Is this something the national administration did or is this just something that relates specifically to the aerospace industry?

Mr. Uhlman. I think it is quite accurate to say the national administration is now undergoing an absolute policy, an announced policy of cooling off the economy. That is a quote from the press. Included in that cooling off policy is, of course, the directives by the Federal Reserve Board which have had disastrous effect on the aerospace industry.

The Boeing Co., for your information—and you may be more informed about this—is basically, in our area, in commercial aircraft production and is not connected with the military. The manipulation of the interest rates in keeping with the national policy directly affects the ability of commercial airlines——

Mr. Steiger. Mr. Uhlman, you are aware that is not the administration but the Federal Reserve Board?

Mr. Uhlman. I am also aware the Federal Reserve Board reflects the administration's policy. This has been the norm and I would stand on the statement of the President that the present policy of the administration is to cool off the economy.

Mr. Steiger. What kind of public service jobs would you offer to laid-off Boeing engineers?

Mr. Uhlman. I think, first of all, there are tremendous opportunities in the city government itself. We have the need for the capabilities of these very highly trained men.

Second, back to the job-creation capability, we should have as a national policy the right of every individual, whether a Boeing engineer or whether an unskilled laborer, the right to earn a living, particularly here in our city. This ought to be the national policy instead of the current cooling-off policy which really, in effect, says we have inflation and, therefore, as your portion of the fight against inflation, you are going to be laid off. You realize this is quite a high price to be paid. But, you know, we all have to be good soldiers in this fight against inflation. A person who has just lost his job with Boeing or anywhere else, it is very hard to convince him, personally, to be as good a soldier as he should be because he is the person being laid off from his job. I think our national policy should be something else. Instead of saying we are going to cool off our economy by laying you, you, and you off, we are going to cool our economy by perhaps creating more employment.

Mr. Steiger. Wouldn't it better to have said we should have cooled our economy in 1966 instead of continuing to play politics with it in the Johnson administration? I will just interject that parenthetically. I am impressed by your nonpartisanship, as I say. You still have not answered my question, what kind of public service employment are you going to give to a Boeing engineer.

Mr. Uhlman. Congressman Steiger, we have had a very unusual phenomenon happening in our city. It was called Forward Thrust. It was a euphemism for a voluntary act of getting citizens all involved in a very massive bond issue. We have voted more bonds on ourselves, I'm told, than any other area in the country on a per capita basis. We have a tremendous reservoir of capital capability ahead of us. Unfortunately, right now we are having to hold our capital capability down on the building of these various projects for which the bonds are already authorized because we do not have the operational moneys or the job training capability to implement these. So, consequently, I suppose, when you come right down to it, we are down to one word, which is the answer to many things which the national administration fails to realize, and that is money on the local level. There are all these nagging and pressing problems in our cities across the country.

Mr. Steiger. Mayor, I sympathize with you on the difficult situation faced by a man in your position. Let me ask a couple of unrelated questions. We have a lot of witnesses today and I will come back to this point you have made.

You indicated a degree of unhappiness about the role of State government insofar as manpower policy is concerned. I am interested in that. I am particularly interested for what reason you criticize the State government's participation in the manpower policy. What is the impact of the recent agreement between the city of Seattle on the Joint Manpower Board with the State of Washington? Does this indicate a lack of understanding on the part of the State?

Mr. Uhlman. Congressman Steiger, I certainly concur with the rhetoric of the national administration on giving the Government back to the people. Thus I would agree very much with you that the local governmental unit closest to the people is the city. I have worn a State governmental hat for 11 years. I served four terms in the State House and one term in the State Senate. Thus I feel I am in a position to observe the governmental processes, both on this level and the State level. I would stand by the statement in my formal statement to you that all we are doing is adding one more layer of governmental red tape. We will hire one more group of people in our State capital, one more to sit, one more level of bureaucracy, one more level of time that is going to take the same proof. I think without any question we owe it to the next generation to eliminate this duplication of governmental employees. In keeping with the national administration, perhaps we could save some money by not hiring more governmental employees. That is really my objection at this point in time.

I realize there are many problems in the smaller cities, more so than the unincorporated areas, but most of the problems, the vast majority of problems, are in the great cities. I think the Governor or his representative will agree with me when I make this statement, the bulk of our manpower problems, our emplyoment problems, a vast disproportion exists in the city of Seattle as opposed to the rest of the State of Washington.

Mr. STEIGER. But in the State of Washington there has been, at least, a record of some degree of willingness of the State government to work in this field directly.

Mr. UHLMAN. That is right. We have the Model Cities neighborhood of the city. This is a real landmark move. At the same time, this does not in any way change the basic statement I have and that is, why hire one more level of bureacracy. That is what we are talking about. We are ready to take over, to take charge, to take responsibility for these problems if you give us the tools, the right, the opportunity. All we ask from Congress is the right to chart our own destiny in this field.

People sit in my office. They don't sit in Congress. They don't sit in the Governor's office. They don't sit anywhere. They come down to my office and sit in. The frustration of this job is I don't have at the present time the tools to deal with the problem. I just happen to be available.

Mr. STEIGER. I well understand that.

Specifically, what would you recommend to the committee in terms of attempting to work out a greater degree of coordination between the mayor's office and manpower programs funded under the programs such as Model Cities or MDA or any number of other unrelated labor problem agencies?

Mr. UHLMAN. What I would like to have the opportunity to do is for us to be the focal point, for us to take the basic responsibility for all of these manpower programs instead of having someone else do it. I think without question this will occur here in the city of Seattle if you give it a chance to occur, if you give us the right to sit down and creatively approach the problem.

Mr. STEIGER. Let me ask a few other things, if I may, Mr. Mayor. One, there is a continuing criticism of all the bills really, particularly that by turning these programs over to the elected governmental officials, be it the mayor or Governor, we are effectively getting rid of those programs by nongovernmental agencies. Do you agree with this criticism? If not, would it be possible for you to give us some view from your standpoint, for example, as to the operation of a subprogram here in Seattle?

Mr. UHLMAN. Well, I certainly do not agree. The reason I would not agree could be classically pointed to here in our local area through the operation of the Green amendment in terms of turning over this kind of program to the community action agencies. Frankly, if you are going to give your elected governmental leadership the blame, then you should also give them the responsibility. I suspect OEO programs here locally are overspent by, say, three-quarters of a million dollars. I think that is a classic example of why I would not agree and why I would feel your locally elected or State elected officials ought to have that responsibility.

Mr. STEIGER. What is the relationship between your office and the community action agencies and specifically with respect to the overspending or whatever happened to that half million or more dollars?

Mr. UHLMAN. I think the basic relationship should be as it originally commenced to be, and that is before the Green amendment, as my understanding was, this is what was originally intended to be. I think that is the best arrangement.

Mr. STEIGER. Thank you.

Mr. DANIELS. I recognize the gentleman from Washington, Congressman Meeds.

Mr. MEEDS. Thank you, Mr. Chairman.

I was struck by your example of the people who are in the fight against inflation. I am reminded of a very affirmative fellow in my district who was fired recently from his job because of the lack of employment. He thought in broaching this subject to his wife when he got home that he ought to approach it very affirmatively. He came in the door and he said, "Honey, you will be happy to know we are on the cutting edge of the fight against inflation. I have just been cut." This is precisely what is happening in this area.

I am also aware that you recognized in your statement, Mayor Uhlman, and in your answers to questions that we really have two things here. We have a delivery system, coordination of a delivery system, and we have in all of these bills a very high-flown statement with regard to the right of people to employment and better living, training for jobs, things like that, which, under the present economic circumstances in our area, are actually unattainable. We find ourselves in the role of going out with another program which promises to solve problems for these people. It seems to me that these go right down the path of raising the aspirations of people only to have them dashed on the unemployment picture which is presently very much upon us here.

I think we on this committee have to make this distinction. There are some things in these bills, which you have pointed out, with regard to coordination and with regard to placing under decentralized control the planning and management of manpower programs that deserve comment.

I was also struck by your statement and by your responses with regard to various questions and aspects of this bill. As to the public services aspect, I am sure you are aware that the Steiger bill and the administration bill provide very little in the way of public service employment. On the other hand, the bill which I am sponsoring, which is identical to the bill of Mr. O'Hara, provides a whole section with regard to public service employment. My question to you would be that in view of the particularly high unemployment in this area, would you think that increasing our efforts in the field of public service employment would help take up the slack and perhaps not constitute a futility in the area of promises to people with regard to employment?

Mr. UHLMAN. Congressman Meeds, I could not agree with you more. If we are going to expect local governments to assume the role the administration espouses we assume that we are going to need to do it. The city government for many years has been overloaded. City hall has been a place where business has gone on as usual. Many of us across the Nation who are assuming the role of mayor these days only do so on one condition and that is that we bring city hall back alive again, revitalize it, turn it into a creative and inventive entity which can solve these problems. We can only do so through a new corps of city employees who are problem solvers and who can augment not only the jobs that exist, but bring in new skills. I think it is an accurate statement to say that city government today is in great need of new skills, just as basic industry is. I think the technological changes that are occurring in technical fields, for example, the technological changes in waste disposal, these changes require new employees, new skills, which, of course, is stated in your bill and the O'Hara bill.

Mr. MEEDS. One of the criticisms which we have often heard is that it constitutes make-work projects, street sweeping, picking up paper in the parks. Is this the type of public service you have in mind, sir?

Mr. UHLMAN. Absolutely not. We are talking about these Boeing engineers and these are highly skilled people. These are the kind of people we ought to be taking in at this point in time when they are available.

Mr. MEEDS. And are not the costs of the public hospitals in this city soaring astronomically and could not this be helped and abetted by public service employment?

Mr. UHLMAN. If you and I were back practicing law again, I would call that a leading question. I would say yes. We had a series of articles in our local newspaper which pointed to the problem in Seattle, which, of course, is an integral part of the kaleidoscope across the Nation, these soaring costs.

Mr. MEEDS. And isn't it true this city is trying valiantly to adopt a whole new approach to rapid transit which will take the skills of thousands of engineers and technicians to really put it into operation?

Mr. UHLMAN. Without question there is a tremendous opportunity in the field of transportation. In fact, we stand on the threshold as to whether or not our city and our region will be moving ahead or standing stagnant.

Mr. MEEDS. Finally, and very properly, you pointed out that among those people in addition to the Boeing engineers who were becoming unemployed, that the marginally employed people are always the first to be unemployed and the last to be employed. I think you are striking right at the promise of America. We have held out in the last 4 or 5 years the hope that the marginally employed is the person who could be trained and who could be placed in employment. Do you see any prospect of utilizing private enterprise to alleviate and share this job training and employment effort when they are, in fact, required by the exigencies of the economic conditions to be faced with laying off people with 20 years of experience? The first group you mentioned, the Boeing engineers, what chance do they have to really participate in the promise of America?

Mr. UHLMAN. This is a very difficult problem we are faced with now. I just met yesterday in my office with the local business leadership trying to make NAP go in our area. They are just throwing up their hands in our area, it just won't it will not. Unfortunately, we have been in the position of employing these all-black employees and all of a sudden they are on the job for a short period of time, 6 months, 9 months, and they are just beginning to achieve the skills. Then, because, as you say, the exagencies of the administration and the policies thereof, we must tell them we are sorry. No wonder there is a rage and frustration and an eruption of violence. It is a natural phenomenon.

Mr. MEEDS. Thank you, Mr. Mayor.

Mr. DANIELS. Mayor Uhlman, on behalf of the committee, I wish to extend our appreciation to you.

Mr. UHLMAN. Thank you.

Mr. DANIELS. Our next witness is Mr. Richard W. Hemstad, legal assistant to the Governor of the State of Washington.

STATEMENT OF RICHARD W. HEMSTAD, LEGAL ASSISTANT TO GOV. DANIEL J. EVANS, STATE OF WASHINGTON

Mr. HEMSTAD. Mr. Chairman and members of the subcommittee, on behalf of the administration of the State of Washington, I am delighted to have this opportunity to be able to address some comments to you on this critically important area of manpower and manpower training. I wish to point out that we are not unaware of the fact that this subcommittee is hearing testimony on two additional comprehensive manpower bills, H.R. 10908, the Steiger bill, and H.R. 11620, the O'Hara bill. However, we have concluded that the proposed manpower Training Act of 1969 provides the more acceptable vehicle upon which a combined Federal, State, and local effort may be mounted to effectively meet, and overcome, those problems inherent in unemployment and underemployment as they exist within the State of Washington.

The State administration has previously conveyed an expression of general, as well as specific, endorsement of the Manpower Training Act of 1969 to its congressional delegation, which, I feel, bears repeating here.

In general, the MTA recognizes the necessity for terminating proliferation of manpower programs, and evidences an awareness of the need for directing our resources, both financial and technical, to the individual needs of the underemployed and unemployed.

Further, and specifically, the proposed legislation seeks to, first, decategorize the many and varied manpower programs in existence; second, decentralize administrative authority and control with respect to planning and utilization of resources; and, third, foster a new relationship between all levels of government designed to meet and solve the individual problems of our citizens of less fortunate circumstance. The State administration strongly supports these general and specific objectives of the MTA.

The State of Washington is undertaking significant steps to establish actual support for the purposes and objectives inherent in the MTA.

One of the primary requisites of this proposed legislation is the establishment of a comprehensive manpower agency within the State. During the 1969 session of the State legislature, an executive request bill was introduced calling for the merger of three major State agencies involved with the State's manpower resources, which would have provided an appropriate entity for designation as the comprehensive manpower agency. Though this bill failed of passage, the State administration has followed closely the legislative discussions at the national level and has deferred submitting a further proposal to the State legislature until Congress provides the critically needed national manpower policy.

A second requisite of the proposed MTA calls for the establishment of a State manpower planning structure responsible for the development of a comprehensive State plan. By executive order which is being released today, Governor Evans has reconstituted the State comprehensive area manpower planning council, CAMPS, and has directed it to assume prime responsibility under the Governor's leadership for State manpower planning. Copies of this executive order have been made available to each member of this subcommittee.

In recognition of the need for establishing planning bodies at the local level, as called for in the MTA, a recently executed agreement between the city of Seattle and the State of Washington creates a Seattle Joint Manpower Board with representatives from the State department of employment security, vocational rehabilitation, public assistance, the State office of economic opportunity, the office of the Governor, and the city of Seattle. Through joint effort, exercised in the spirit of responsive governmental action, it is expected that the needs of the unemployed and underemployed residents of the Seattle central area will be answered in an effective and meaningful manner by a unique experiment in cooperation between State and city governments.

I might emphasize here that so far as I am aware, this is the only place in the country where this type of effort between the city and State government has been undertaken. We are sincerely attempting to weld our efforts with the city of Seattle, particularly as to the serious problems in the core area of the city, in order to come up with some solutions.

These efforts, then, are representative of the positive action taken by the State administration to date, all of which are compatible with, and supportive of, the objectives of the proposed Manpower Training Act of 1969.

What has been said up to now should not be construed as a blanket endorsement of all aspects of the proposed legislation under consideration. Specifically, the State administration feels compelled to voice exception to five areas of vital concern which, in our opinion, can be acceptably modified without damaging the intended purposes of this proposed bill.

First, the MTA does not adequately take into consideration the substantial efforts which the States have made in recent years to encourage regional planning. While the MTA assumes the standard metropolitan statistical areas are the appropriate planning units, this often will not be the case. For example, within Washington State, 13 planning regions have been established which could well provide the structure for a more appropriate planning system. It is imperative that the Governor of each State have the authority, within the context of planning efforts in his State, to determine the appropriate geographical boundaries for manpower planning purposes.

Second, the MTA envisions that the Governor will be the chief administrative authority responsible for approving and administering a State plan which incorporates responsive action to meet the needs of residents of SMSA's. In the delegation of his authority, the Governor is authorized to designate local prime sponsors responsible for the planning and administration of programs assisted under the MTA in any SMSA. However, the appointing authority of the Governor is considerably diluted, if not completely removed, in those instances wherein units of local government representing 75 percent of the population in an area concur as to the nomination of a public body, private agency or organization as a prime sponsor. In such event, the Governor is compelled to certify the selected prime sponsor. We view this as discouraging cooperative efforts between State and local authorities in manpower planning and administration. We urge that the designation of prime sponsors, where they may be required, be made by the Governors after consultation with the interested units of local government.

Third, prime sponsors in SMSA's are clothed with unilateral authority and responsibility for planning and administration of programs within their area. The State administration views this as a fractionalizing of overall administration, inviting duplication of effort to the ultimate detriment of the citizens to be served.

Fourth, the proposed bill would guarantee a fractional amount of the State's apportioned funds to SMSA's within the State. The specific amount guaranteed is based upon a formula which may have little relationship to specific needs and priorities existent within the SMSA or elsewhere within the State; rather the formula arbitrarily assumes a constant need within the SMSA of sufficient magnitude as to require a continuous grant of a guaranteed amount, whether such condition or need, in fact, exists. It is our view that the State-local planning system should be empowered to determine priorities in the field of manpower planning, and to fund these priorities in a responsible fashion wherever they arise.

Fifth, the proposed bill provides that the Governor shall include, within the State plan, any local plan prepared by a prime sponsor which comports with the Secretary's regulations enacted pursuant to section 104 of the bill. Obviously, such a decision involves judgment. If, in the judgment of the Governor, the plan fails to meet legal requirements and is, therefore, excluded from the State plan, the prime sponsor has authority to request the Secretary of Labor to review the matter. Such review is accomplished through consultation between the Secretary and the Governor. While we do not suggest that the Secretary would arbitrarily or capriciously overrule the Governor's judgment, it is felt that the Governor's decision should be final upon a showing that it is supported by substantial evidence.

I appreciate the opportunity to discuss with you today the critically important subject of manpower planning and programing and I wish to express again our support for the basic objectives of the Manpower Training Act.

Mr. DANIELS. Thank you, Mr. Hemstad. I see that your testimony here today is in direct variance with the previous witness, the mayor of the city of Seattle.

Mr. HEMSTAD. Yes.

Mr. DANIELS. Do you care to make any comments regarding his views as to the mayor having some option concerning the planning of the programs on the local level inasmuch as he is the person in the community who is closest to the people?

Mr. HEMSTAD. Our basic concern is that a particular city is not necessarily the most effective focus for governmental planning over a period of time with the substantial need for providing comprehensive planning units now being created. The city does not necessarily relate to the kind of structures being created throughout this State, and throughout other States in the Nation, to effect comprehensive program planning.

Mr. DANIELS. Let's take a situation where you have a prime sponsor to develop a plan. In the opinion of the mayor of a large city, he feels that that plan is a good plan and meets the needs and problems of the community. It is submitted to the Governor and the Governor vetoes the plan. Where do we go from there?

Mr. HEMSTAD. There are a couple of problems. First, the question is posed as to how the plan was originally devised at the local level. I heard the mayor's comments with respect to the fact that the city is the primary area of concern for manpower planning. Obviously in our developing communities today there's a very direct relationship between the city where the people are and the greater metropolitan area where the jobs are. So it has to involve an area that is other than just that of the mayor's. Some device has to be created whereby all of these elements have an interest in the kind of plans developed. The jobs may well be in the suburbs and not the cities, yet the cities do not have the job capabilities. For example, in this area, most of the Boeing operations are outside the city of Seattle. Of course many of the people who work at Boeing live in Seattle, but many more of them live in the suburbs and surrounding areas.

Mr. DANIELS. Perhaps I misunderstood. The sponsor theory, as I understand it, would take into consideration those areas which do surround the main city. It would not just involve solely and exclusively the city itself. It would take in all the environs of the city of Seattle, all the surrounding communities. Therefore, the mayor would not be dealing with just the problems of the city.

Mr. HEMSTAD. That is right. There is a question posed as to whether the mayor, from his comments, should be the presumptive prime sponsor himself.

Mr. DANIELS. I would recognize at this time my colleague from the State of Washington, Mr. Meeds. Do you have any questions?

Mr. MEEDS. Thank you, Mr. Chairman.

It is a pleasure to see you here this morning, Dick. I would like to compliment you and the Governor for what I consider to be a very enlightened approach to the manpower program. I think the committee should know that this State is on the leading edge in their efforts to establish a comprehensive manpower program in this State.

As I am sure you are well aware, Mr. Hemstad, all of these bills are similar in some respects. First of all, they all seek to consolidate the authority in the Secretary of State or the Governor for manpower programs and to cut down on the fragmentation which is taking place. I think we then get into a matter of degree as to how much authority is vested by one bill in the Governor or mayor or how much is placed with somebody in a standard metropolitan statistical area and a number of other things. The real question that comes to my mind in listening to your testimony is, as you very properly pointed out, this is the only State you are aware of that has developed the kind of coordination in manpower programs between the State and city of Seattle, for instance, that you mentioned.

Now, why should we on this committee pass legislation which automatically gives to the governors of all the States that responsibility when, by your own testimony, our Governor in this State is the only one who has undertaken to use it thus far? Wouldn't it be better to pass legislation which would retain in the Secretary of Labor the right and authority to give that authority to a State Governor not only if he manifested interest but had the capability of carrying through with it?

Mr. Hemstad. I would have to support a general statement such as you have just proposed. I would think it would be appropriate for the Secretary of Labor to have the residual authority where the Governor would have the broad mandate.

Mr. Meeds. Would you say even if we went to a State plan proposal, as is envisioned in the Steiger bill, that a State plan ought not to be accepted in which there is not a proper coordinated role and cooperative role between State and municipal governments?

Mr. Hemstad. Yes.

Mr. Meeds. If we devise such a State plan, or at least the guidelines for such a State plan, do you think that ought to be one of the guidelines which should be required to be met before the acceptance of this?

Mr. Hemstad. I think the guidelines should require the act of involement of local government in development of the plan, yes.

Mr. Meeds. Now we get into the degrees of involvement, of course, and that is too complex and deep to go into here, but on the question of the veto authority it is my understanding that with regard to the Governor's ability to override or, as you put it, you were not in favor of the Secretary of Labor being able to deal directly with the municipalities and believe that the Governer should have the final authority in that regard. Am I correct in paraphrasing what you said?

Mr. Hemstad. Again, it is a matter of emphasis. From our point of view it would appear to be appropriate that once the State plan is developed and there having been the act of involvement of the local government in developing the plan, the final form of the plan should normally be accepted in the absence of substantial evidence that the needs and interests of the local government have been taken into consideration.

I might make the general further comment that outside the Federal Government itself, the State is the only unit of government that has the authority and the responsibility to see to it that comprehensive planning occurs. Unless the Federal Government is going to absorb into itself, or retain unto itself, in this case, the profusion of categorical programs and the overall responsibility for minutia of the plan, there is no real place for that responsibility to be placed other than the State government.

Mr. Meeds. On a somewhat different subject—it is the same subject on which I asked questions of Mayor Uhlman—the question of public service employment, is the State of Washington in any position with its own funding to offer any broad scale public service employment program or, indeed, would they wish to?

Mr. Hemstad. Any broad scale mass of public employment would have to be supported primarily through the funding of the Federal Government since the Federal Government is the only level of government at the present state of our development which has the resources.

Mr. Meeds. Would the State be interested in any large-scale public manpower programs such as this?

Mr. Hemstad. Yes.

Mr. Meeds. And do you think, particularly in view of the economic circumstances here, that such a program might, indeed, be advisable?

Mr. Hemstad. It would have to be well thought out and a lot of planning, but, in a generalization, there could be advantages, yes.

Mr. MEEDS. You are aware, are you not, that for approximately 300 positions in the public land sector of this State, they have had over 3,500 applications from young people to work in the public lands, the Forest Service?

Mr. HEMSTAD. Are you talking about summer employment?

Mr. MEEDS. Yes.

Mr. HEMSTAD. I think the needs there are great. For example, our State Department pioneered in this area and employs in its summer program 800 disadvantaged youths and we have done so for the last two summers.

Mr. MEEDS. Finally, what would you advise this committee with regard to the multipurpose or multifaceted approach we are taking here in not only coordination of manpower programs, computerized job banks, what would you advise us with regard to the, in effect, guarantee of employment which is being held out by these bills?

Do you think that is realistic under the present economic circumstances in this State?

Mr. HEMSTAD. I don't really read these bills as holding out a guarantee of employment. I think a separation of the problems—on the one hand, what is the kind of delivery system we can create that would work most effectively is one problem and the creation of jobs is another. I think we have to address ourselves to both of these and whether they can be done in one or two bills, that is for Congress to decide.

With regard to the delivery system, we have very serious problems. It has created a chaotic situation. I sympathize with the major's problems, but the Governor's would be exactly the same. The problems on the State level with the profusion of programs in the manpower area make it unbelievably complicated and almost impossible.

Mr. MEEDS. Perhaps we ought to separate and make two bills out of this and pigeonhole one of them which, in effect, is holding out the promise of training, then employment, and concentrate instead on the delivery system and the consolidation of the manpower programs at this time.

Mr. HEMSTAD. From our point of view, the concept of a broad grant of power or authority to the State would provide us with the capability or freedom to develop a delivery system that is going to be workable.

Mr. MEEDS. You are not asking for any block grants without guidelines?

Mr. HEMSTAD. No; I really think the Federal Government has to set up the guidelines.

Mr. MEEDS. Thank you very much.

Mr. DANIELS. I now recognize Mr. Steiger from Wisconsin, author of one of the bills.

Mr. STEIGER. Thank you, Mr. Chairman.

Mr. Hemstad, I appreciate your testimony. I must say in certain respects for the first time the mayor and the Governor have at least agreed we should both be categorized and decentralized. This is one area of agreement between the mayor and the Governor for which I am grateful.

Mr. MEEDS. And for which the Governor is grateful.

Mr. STEIGER. Let me ask you specifically about the problem you raise on page 4 of your statement about the administration's bills and the relationship between what the State of Washington is doing in regional planning and the use of the standard metropolitan statistical area. First of all, in the action you have taken in regional planning, your planning bodies do not coincide with the SMSA's, is that correct?

Mr. HEMSTAD. SMSA's, if they coincide, it is largely coincidental. Some boundaries, for example, of the SMSA's will fall within a regional planning area. I am not aware of any offhand that would fall within two regions, but the SMSA's are not identical with the planning areas.

Mr. STEIGER. How many SMSA's are there in the State of Washington?

Mr. HEMSTAD. There are three.

Mr. STEIGER. And Seattle, King County, and what other counties are included in the SMSA with a population of what?

Mr. HEMSTAD. King County and Snohomish County are certainly in excess of a million, I would guess, between a million and a million and a half.

Mr. STEIGER. What is your reaction to limiting the applicability of the SMSA's to only the larger SMSA's of a million or a million and five hundred thousand or more or conversely, what is your reaction to enabling the Governor, in conjunction with whomever, to work out some alternative to the SMSA insofar as regionalism is concerned?

Mr. HEMSTAD. Our State administration, I am quite sure, would favor the latter approach providing to the Governor the judgmental authority to determine within his State what is the appropriate kind of local planning to rely upon. The SMSA may or may not be the most appropriate. Your other alternative of emphasizing only the larger SMSA's would be a preferable solution, I think, to what we presently see in this bill at the present time. I suspect there are, and will become, even a larger number of SMSA's throughout the country as our population grows. Hence, there will be a greater fragmentation of manpower delivery systems.

Mr. STEIGER. Are there any State Constitutional provisions which would make difficult the application of the administration's manpower bill?

Mr. HEMSTAD. I am not aware of any. We have a separately elected superintendent of public construction who has the whole authority over programs under him. I don't know of anything in the bill that would conflict with that.

Mr. STEIGER. Thirdly, is the Executive order you released today on Cooperative Area Manpower Planning System the kind of model you would look to in the State insofar as planning manpower?

Mr. HAMSTAD. We see the reconstituted CAMPS system as the prime unit having responsibility for manpower planning in the State. What that will evolve into, at least in part, depends upon the bill Congress eventually passes in this area. This is a relatively loose system of coordination between various entities that have manpower responsibilities with the objective, however, of coming up with a single plan. There are other alternatives of consolidation of departments and the like which become very difficult because of political problems.

Mr. STEIGER. Do you have any specific problems with the proposed makeup of the State manpower planning agency? Is it too inflexible?

Mr. HEMSTAD. As I recall, the language is fairly generalized with regard to the requirements for a comprehensive manpower agency.

Mr. STEIGER. You are satisfied it gives you the flexibility you need?

Mr. HEMSTAD. I think it is sufficiently flexible, yes.

Mr. STEIGER. What has been the response of the State government insofar as the increase in unemployment in the State of Washington? Haven't you just recently increased your unemployment State benefits?

Mr. HEMSTAD. We have just enacted a comprehensive new law which, from our point of view, is one of the best in the country with regard to unemployment compensation. I was somewhat disturbed with regard to the remarks by the mayor about unemployment rates. I am not prepared here to respond specifically to that. If the committee wishes, I will certainly see that we provide you with information on the present situation here.

Mr. STEIGER. I would ask the executive order be made a part of the record.

(The document referred to follows:)

STATE OF WASHINGTON,
OFFICE OF THE GOVERNOR,
Olympia, Wash.

EXECUTIVE ORDER

COOPERATIVE AREA MANPOWER PLANNING SYSTEM

The prosperity and general welfare of the state is dependent upon the capacity of its citizens to train for and secure employment consistent with their abilities and interest; and

It is recognized that such employment should provide for the citizen's basic, financial and human needs to make possible his sharing in the rewards of modern America; and

The needs and problems of a number of citizens are of sufficient gravity that personal or private resources and capacities cannot deal effectively with them, thereby providing justification for the utilization of public funds; and

Federal and state manpower appropriations being necessarily limited, it is of the utmost importance to develop just, economical, effective and coordinated operation of manpower services such as vocational training, work experience, job development and placement, together with other programs and supportive services; and

The effective utilization of funds requires the establishment of a system whereby goals are properly defined and met in the operation of a comprehensive and integrated system of manpower services; and

Such a system should include the coordination of all federal, state, local public and private efforts in meeting the needs for manpower services and should design, implement and evaluate new and imaginative approaches in providing manpower services to the people of the State of Washington within a structure of priorities based on need; and

The Federal Government through the Federal Interagency Cooperative Issuances creating the Cooperative Area Manpower Planning System has urged and encouraged governors to assume whatever leadership they deem appropriate in furthering comprehensive manpower planning; and

The existing state Cooperative Area Manpower Planning System lacks legislative sanction, both federal and state, for the designation of agency representation on the state committee; and

Department heads of state agencies involved in manpower services have considerable discretion to coordinate and cooperate with one another in delivering needed services to the people of the State of Washington.

Now, therefore, I, Daniel J. Evans, Governor of the State of Washington, by virtue of the power vested in me as the Chief Executive, and in accordance with the charge to the governors of these United States contained in the Interagency Cooperative Issuances creating and expanding the Cooperative Area Manpower Planning System, do hereby proclaim the following Executive Order:

1. There is hereby created the Governor's Manpower Coordinating Committee, hereinafter referred to as "the committee," which shall succeed to all of the powers of the existing state committee of the same name which is hereby abolished.

2. The voting members on the committee shall be appointed by the Governor upon consultation with the respective agencies and shall include representatives of the following:

The Department of Employment Security
The Division of Vocational Education
The Division of Vocational Rehabilitation
The State Board for Community College Education
The Department of Labor and Industries
The Washington State Office of Economic Opportunity
The Department of Public Instruction
The Office of Program Planning and Fiscal Management
The Department of Public Assistance
The Office of the Governor

Additional members may be added by the Governor as may be appropriate.

3. The Governor shall appoint a chairman of the committee who shall serve at his pleasure.

4. The Governor shall appoint an Executive Director for the committee who shall be administratively responsible to the Governor and shall serve at his pleasure. The Executive Director shall have authority to hire, contract for, and direct the activities of a secretariat to provide support and assistance to the committee in carrying out its duties and responsibilities. All employees hired by the Executive Director shall be covered by the Washington State Civil Service System.

5. To assure continuity and quality in planning and evaluation, no committee members shall have more than one alternate to the committee and this alternate member may be changed only by written notice to the chairman not less than five calendar days in advance of a regularly scheduled meeting.

6. The state Manpower Advisory Committee as now constituted (representing management, labor and the public), will continue to provide counsel and advice to the Governor's Manpower Coordinating Committee. To ensure close cooperation, the Executive Director of the Governor's Manpower Coordinating Committee will serve as Executive Secretary to the state Manpower Advisory Committee.

7. The committee shall be responsible for the coordination of manpower planning and programming for the State of Washington. Included in its responsibilities the committee shall:

(*a*) develop an annual comprehensive manpower plan for the State of Washington,

(*b*) evaluate state manpower programs and provide policy advise for appropriate action,

(*c*) cause to be created local and regional coordinating committees whose membership shall include appropriate public officials and private individuals involved in manpower planning, manpower services and the interests and welfare of low-income groups,

(*d*) issue timely and informative reports to the Governor outlining Washington State manpower problems and needs for manpower services,

(*e*) provide a working interagency set of priorities for the delivery of services to those groups with manpower problems,

(*f*) review any manpower plan developed by a local or regional coordinating committee to ensure its total compatibility with the comprehensive manpower plan for the State of Washington, and

(*g*) issue reports to the Governor evaluating the effectiveness, problems, progress and cost of each member agency's manpower programs.

8. The committee may establish such subcommittees, request such additional staff assistance from any agency of State government and contract with such consultants as may be appropriate and necessary to carry out its responsibilities.

In witness whereof, I have hereunto set my hand and caused the seal of the State of Washington to be affixed at Olympia, this 31st day of March Nineteen Hundred and Seventy.

DANIEL J. EVANS,
Governor of Washington.

[SEAL]

By the Governor:

A. LUDLOW KRAMER, *Secretary of State.*

Mr. STEIGER. I appreciate your coming.

Mr. HEMSTAD. Thank you.

Mr. DANIELS. The Chair will authorize a short recess.

(There followed a short recess.)

Mr. DANIELS. This select subcommittee will come to order.

I would like to call to the witness table Dr. Hal Gilmore, Administrative Assistant, Intermediate School District VIII, Everett, Wash., and Mr. Lloyd Repman, Director, Snohomish County Economic Development Council, Everett, Wash.

You gentlemen are on one panel?

Mr. REPMAN. Yes.

Mr. DANIELS. Then the Chair would like to suggest each of you give your testimony and then be open to questioning.

Mr. GILMORE. Fine.

Mr. DANIELS. Do you have a prepared statement?

Mr. REPMAN. Yes; we do.

Dr. Gilmore and I first would like to thank all of you for inviting us to testify. We hope we have something to contribute.

Mr. DANIELS. Do you desire to submit your statement for the record and then summarize your views?

Mr. REPMAN. Yes.

Mr. DANIELS. Without objection, your statement at this point will be printed in bulk in the record.

(The document referred to follows:)

STATEMENT OF DR. HAL M. GILMORE, ADMINISTRATIVE ASSISTANT, INTERMEDIATE SCHOOL DISTRICT 109, EVERETT, WASH., AND LLOYD REPMAN, MANAGING DIRECTOR, SNOHOMISH COUNTY ECONOMIC DEVELOPMENT COUNCIL, INC., EVERETT, WASH.

Gentlemen, it is our considered recommendation that you do not attempt passage of a comprehensive Manpower Act at this time. We believe that while the need is evident and the proposals reflect promising measures, all of these measures and concepts are substantially covered under present legislation—but not adequately funded. Further, the process by which monies flow to the local areas is often too burdened with *red tape* and seldom arrives in sufficient time or quantity to effectively meet the needs of the individual.

It is our thesis that the local level, hereinafter defined, is "where the action is"—and where the problem is. Therefore, we propose that the local established agencies, through a Coordinating Task Force, jointly develop comprehensive programs tailored to fit the local need. At this level, each agency would receive federal funding to carry out its portion of the total package which relates to its major purpose.

It is further recommended that a comprehensive Coordinating Task Force be established at the state and federal levels as well as the local level. These Task Forces need to be comprised of the people from each of the concerned agencies who are experts in their fields, and who are directly involved with manpower and the economic structure, such as Commerce, Labor, HEW, HUD, etc.

In this scheme of things the federal level would

(a) establish broad guidelines in terms of the national interest,

(b) require procedures which guarantee coordination and cooperation at the state and local level,

(c) set forth requirements which would result in flexible approaches by the existing agencies so as to open up avenues of innovative approaches,

(d) provide arbitration machinery, and

(e) through its taxing powers, supply the funds.

The state level would

(a) provide technical assistance,

(b) monitor the programs,

(c) provide arbitration machinery and

(d) expedite the flow of funds through to the local level.

The basis for our testimony and recommendations, is the *E.D.C. Manpower Needs Analysis* which was carried on by the Occupational Training Task Force of the Snohomish County Economic Development Council.

The balance of this statement consists of five sections:

Definitions
Assumptions
Positions
The E.D.C. Manpower Needs Analysis
Recommendations

DEFINITIONS

The following definitions are provided in order to clarify our meanings with respect to the following terms:

1. Economic Structure

The economic structure is the interrelation of all parts of the economy as measured by such tools as the Input/Output Study and other studies mentioned in the attached *E.D.C. Manpower Needs Analysis.*

2. Manpower

Manpower refers to the labor required to effect the productive processes within the economic structure.

3. Manpower Training

Manpower training is that system of education which relates directly to the technical skills required by a person to effectively work within a specific job.

4. Vocational Education

Vocational education is that portion of the total educational enterprise which directly relates instruction to the technical and academic skills required for employment.

5. Occupational Education

Occupational Education is conceived to mean the total education for a person in the areas of academic, technical and social skills required for the world of work, now and throughout a person's life span.

6. Local Area and Local Agencies

The term "local" refers to a sub-regional area of the state which is sufficiently large enough to contain a reasonable cross section of the various parts of the economy and is or could be served by a substantial educational system capable of providing occupational education, vocational training and/or manpower training.

ASSUMPTIONS

The following assumptions were made in order to lay the groundwork for our recommendations:

1. The problems relating to trained manpower arise primarily from social and technological changes in our society more than from the institutions heretofore engaged in education and training.

2. Within the American tradition the concept of a caste system is not acceptable and any divisive forces within or without the training process are not acceptable. Manpower training, vocational education and occupational education go hand in hand with the academic, technical, and social skills required for a worker, both non-professional or professional.

3. Vocational Education provides to the educational system the realism that brings the "outside" world into academic education.

4. Each agency or organization is created for a specific purpose and is, or should be, designed to best meet that purpose.

5. It is necessary in developing the "whole man" or "total person" that these various agencies must effectively cooperate in providing a total service.

6. There is a need to provide a constant updating of the processes and procedures established by each of the agencies to meet the changes in the social and technological aspects of our society.

POSITIONS

The following positions have been taken by the authors of this testimony in order to give direction to the recommendations.

1. It is necessary to develop legislation and through it programs *which will not generate division of our society into classes or castes.* Manpower training through vocational education is an integral part of the American educational system and is in the democratic tradition of America. Personal development of the individual should not be channeled as elsewhere in the world.

2. It is necessary to relate this training directly to the jobs available and to the dynamic economic structure of our country.

3. Existing resources—tools, people, and agencies—are available to develop this relationship.

4. It is necessary to interrelate the technical training provided with the academic and the social education. It is this interrelationship which provides the realism of the world of work to the academic and social educational processes. It further provides the technically oriented person a means for personal development as a citizen who will make a contribution to society.

5. Occupational education which combines the concepts of academic, technical and social skill development should be the major goal of legislative enactments and subsequent programs.

6. It is important that manpower training be closely related to the school systems and these, in turn, jointly provide for the needs of our young people—in particular the so-called "dropouts".

8. Each agency or organization has its own major function and should develop its activities related to that function and not become so widespread in its activities as to dilute the purpose for which it was formed.

9. In order to properly interrelate the activities of various agencies and organizations, it is necessary that effective cooperation and coordination of their expertise be built into the system at the local, state and national levels in order to maximize manpower development.

10. Distinction needs to be made between cooperative *work-study programs* and "*On-The-Job*" training programs. In work-study programs the training in the field is part of the extension of the school into the community. In "On-The-Job" training programs the training is related to ongoing "in-house industry" and apprenticeship training programs.

11. From our point of view there are portions of the three suggested bills which are excellent and certainly need to be taken into consideration in any overall manpower development system.

12. Present Vocational Education Acts now substantially provide for the development of trained manpower in America. *The things that are missing are adequate funding to provide these proposed programs,* the coordinated involvement of public and private agencies, and the direct relationships to the jobs within the economic structure.

13. The needed changes in our present institutions will most effectively be brought about through the channeling of funds to programs *which require specific types of cooperation and coordination* of the public and private sectors specifically responsible—Labor, HEW, Commerce, HUD, etc.

14. The essential and most important level in which this coordination and cooperation must occur is at the *local level* where you can have the *direct involvement* of the people who use manpower and the people who provide the training and education directly to the person.

THE E.D.C. MANPOWER NEEDS ANALYSIS

The authors of this statement have been engaged in the local community level with major elements of the community—education, labor, business/industry and public agencies—in the process of determining manpower needs of our local area and the development of plans to meet those needs. Attached to and a part of this statement is the methodology of this empirical investigation. Through this process we believe we have demonstrated the concepts embodied in our positions stated above and in our recommendations which follow.

Essentially the concepts upon which the E.D.C. Manpower Needs Analysis was developed were that *each agency is designed for a specific purpose and that the coordination and cooperation between and among these agencies can provide the total program necessary to fully develop the trained person.* It was carried on in a local area as defined above and was able to provide the *direct involvement* of all the major elements of the community. We submit that this process provides the key answer to the problems of developing trained manpower for our nation's economy.

RECOMMENDATIONS

The following recommendations are made on the basis of our experience at the local level in the process of developing the E.D.C. Manpower Needs Analysis.

We would recommend that:

1. Vocational education and specific manpower training programs be considered as complementary.
2. The training function related to occupational and vocational education remain under the auspices of the education system, but that "non-educators", e.g., technical industry supervisors, journeymen, etc., be included as instructors.
3. Cooperative work-study programs are a part of the training related to vocational and occupational education in terms of being an extension of school programs.
4. "On-The-Job" training such as "in-house industry" or apprenticeship training programs can and should continue as part of an overall Manpower Development system which covers the full spectrum of employment expressed within the total economic structure. Such programs are supplementary to and complement occupational and vocational education.
5. Within the educational system it is appropriate to provide specialized counseling, testing and specific follow-up activities. Activities such as the relocation of employees, outreach programs and placement programs should logically be placed within other agencies designed for those functions.
6. There should be established at the local level a Coordinating Task Force representing *education, labor, business/industry,* and other *public agencies.* The membership should include both decision makers and the technical people. Appointments should be made by the agency involved.
7. The program development for training should be jointly developed by the local Coordinating Task Force which could operate in a "neutral" meeting ground and provide the opportunity for innovation and freedom from fear of tradition, change, or established policy.
8. There should be an arbitration commission established from the major agencies at the state and federal levels, e.g., Department of Labor, Commerce, HEW, to arbitrate any jurisdictional disputes over the guidelines and procedures at the state and Federal levels on the development and operation of the programs at the local level.
9. In order to produce effective change within the existing agencies to make them dynamic and responsive to the ongoing social and technological real world changes, funds are allocated to the local level only after concurrence for the program has been given by the local Coordinating Task Force.
10. The state and federal level Coordinating Task Forces set the policies, guidelines, and priorities based upon the recommendations from the local level; and will, when required, act in the capacity of an arbitration commission.
11. Other regulations with time limits will be a part of the program which would require basic changes within existing agencies to meet manpower training needs. For example, "non-educators", e.g. technical industry supervisors, journeymen, etc., be included as instructors. Criteria for instructor qualifications should be based primarily on experience, past performance and ability to teach.
12. Appropriations be adequate to carry out the programs.
13. Funding remain flexible and timely in order to develop the needed training programs quickly and in response to the changing economic conditions at local and regional levels.
14. Forward funding be applied in order that appropriate planning can take place.

E.D.C. MANPOWER NEEDS ANALYSIS* FOR OCCUPATIONAL EDUCATION PROGRAM DEVELOPMENT

PRELIMINARY REPORT

This project was developed to relate the planning and implementation of occupational education to the dynamics of our economy. The thesis which forms the basis for the investigation was that optimal programs of instruction will result from a sustained involvement of *all* the resources of the community—*education, labor, business/industry* and *public agencies*—in the planning, development *and* implementation process. *The task was to relate training to actual jobs and to the specific requirements of those jobs.*

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*This analysis has been co-sponsored by the Snohomish County Economic Development Council, Inc. and Intermediate School District 109 partially supported by a Title III, ESEA Project, "CORPS FOR TIM"

PURPOSE

Long-Range Goal

The major purpose was to maximize the transferability of academic and technical skills learned in a realistic occupational education setting by providing basic information about the current and projected manpower demands of our complex economic, social and cultural structure.

Specific Objectives

The project is designed specifically to obtain data and an analysis thereof the local manpower needs as they relate to the economic structure. This structure is reflected through the "*Washington State Input/Output Analysis*" and other related studies for the present status and for future projections of employment—quantitatively and qualitatively—to develop a higher degree of accuracy in forecasting. The following are specific objectives sought through the application of the investigation:

Synthesize input materials and information into a useable set of projections for occupational curriculum development.

Update projections periodically and provide continuous feedback to the Task Force and the community.

Finance the project from many segments of the community on a joint venture basis in order to generate the necessary money and to create vested partnership interests.

Utilize the expertise of a consultant to provide objectivity and to aid users in synthesizing data and developing constructive solutions to problems.

Provide a neutral ground for discussion, exploration, and recommendation, from which innovation can be attempted without fear of breaking with tradition, established policy, existing bureaucratic inertia, or threats to self-preservation.

THEORETICAL BASIS FOR THE INVESTIGATION

Economic Structure

Complexity of Work and Education

As the demand for diversified manpower becomes greater through the specialization of tasks performed by man, the problem of providing formalized occupational education becomes more complex and difficult.

I/O Study Economic Structure

One tool for measuring the complex economic structure within which man works is the *Input/Output Study*. This shows the interrelationship of sales and purchaser in terms of transactions among all members of the economic system.

Other Tools

In addition to the I/O Study several other tools and sources for measuring the economy and the variability of manpower needs were used. These include studies and projections by the:

Washington State Department of Employment Security
U.S. Army Corps of Engineers
Snohomish County Planning Commission
Arthur D. Little and Co., Inc. (Boeing 747 Impact Study)
Snohomish County Economic Development Council, Inc. (Snohomish River

Basin Planning Study)
Puget Sound Governmental Conference
Washington State Department of Commerce and Economic Development
Bureau of Labor Statistics
National Planning Association

Labor Market and Technology

These tools give a reflection of the labor market by correlation to the SIC Code of industrial classification. This, coupled with technological advances, provides the basis for manpower employment projections.

Local Variation

Because of the localized nature of the educational process and job sources, it is important to obtain information in depth on the local variation of the available employment in order to realistically design curricula to meet local as well as state, regional and national manpower needs.

"Grassroots" Realism

Local input also provides a "grassroots" participation and realism against which to compare generalized projections developed from theoretical models and mass statistics. It provides a more valid empirical approach to determine coefficients for statistical projection formulae.

Size of the Sub-Region

The sub-regional areas (for defining local variation) must be large enough to provide a sufficient cross section of the economic structure in order to reflect the inter-relationships between major segments of the economy including well defined governmnetal units and occupational training institutions. For this project the general limits of a county were utilized.

Composite Sum of Local Data

The integration of data from these local areas will provide realistic information at the state, regional and national levels. Economic, social and political decision making can then be based upon a knowledge of the *sub-regional variations* as well as the overall picture. Comparison and synthesis of individual source projections can be used to develop a refined summation.

MANPOWER REQUIREMENTS

Tools for Employment Analysts

There are three existing tools used in classifying manpower needs in this project. They are the Standard Industrial Classification Code (SIC) and the Dictionary of Occupational Titles (DOT) breakdown of jobs. The third tool, a local Employment Needs Survey, provided data on current and future labor market requirements of the local area within the context of the larger region.

SIC Code

The SIC Code breaks down the total industry structure in terms of nine major categories. Refinement within each of the major divisions allows more detailed analysis as required. This device is now used by the Employment Security Offices for reporting. (Most sub-regional areas publish monthly status reports of current employment for their area). By projecting employment under this classification a year-to-year comparison based on actual operating conditions can be made. A continuous updating thus becomes possible. This process can be computerized and trend lines developed.

DOT

Within each SIC category are several occupations, many of them appearing in more than one of the categories. The DOT gives not only a major source of job classification by title but provides a detailed description of the job.

Whole Person Concept

Extensions of the DOT description, in turn, provides identification of the *academic, technical* and *social skills* required for a given job. The *"whole" or "total" person concept* can thus be applied with the development of a specialized skill for the individual. It also provides the basis for later skill transferability or acquisition of new skills and assists in the development of personal confidence.

Local Employment Survey

The local Employment Needs Survey yields specific information regarding current and future labor needs of local government, business and industry. This is requested in gross numbers and for specific jobs within the operation. In addition, academic, technical and social skill requirements are sought. Current and future plans for Occupational Training are asked for. These include in-house programs as well as use of private and public educational institutions.

OCCUPATIONAL CURRICULA

Specific Tasks and Skills

Central to the development of realistic educational programs is the delineation of specific tasks or skills required by the job—academic, technical and social. These can be identified through the local Employment Survey and the Dictionary of Occupational Titles (DOT) as they are related to the major classifications of employment (SIC).

Performance Objectives

Flowing from this identification of tasks will be the statements of performance objectives which must be met by the students. At this point, curriculum specialists must develop training packages to be offered to the trainee.

Numbers To Be Trained

The gross demand for new positions coupled with indices of turnover, retirement and death provide the quantitative basis for decision making on the number of students to train. This, in turn, has implications for teachers, facilities, equipment and materials.

Basis for Curriculum Changes

A constant feedback from employers to curriculum planners, educators, and the community regarding the adequacy of the trainee and changes in manpower requirements due to shifts in the economic structure will provide the basis for continual updating of the curricular offerings to meet the job demands.

PROCESS OF IMPLEMENTATION

Key Is Involvement

The key to making the project work is obtaining the involvement of representatives from all the major sectors of the community—education, labor, business/industry, and public agencies. It is necessary that at least one representative, who has expertise, from each sector work together in a small working committee to initiate action.

Initial Community Meetings

The process is begun with a community-wide forum to discuss occupational education. All sectors of the public and private community must be included and a general announcement through the news media is desired. Key leaders in all fields should be contacted first and the meeting developed around them. The major purpose of this gathering is to allow all to state their interest and concerns. Criticism should be encouraged with the idea that the problems be identified. These problems will form the basis for needed joint action to explore and develop innovative solutions.

Separate Sessions

It is then important to follow this meeting with discussion sessions for each major sector separately. The purpose of these sessions is to refine the concerns and problems from their points of view. The value of these groups working together will be a broader perspective of the problem and the wider range of suggested solutions, or combination of solutions, leading to innovative approaches. At this time it is extremely valuable to request representatives from the state level to begin participating with the people as members of the team.

Sponsoring Agency

An established agency within the community should be requested to sponsor this investigation. There are three major criteria for selection. It should: 1) represent all elements of the community, 2) be concerned with economic and social development of the community, and 3) have concern for geographical area large enough to represent the general area covered by the established institutions—education, labor, business/industry, and public agencies—*and* large enough to represent a cross section of the economy as described above under *Theoretical Basis for the Investigation*. If such an agency does not exist, the original committee mentioned above will need to act in this capacity.

Formation of an Occupational Education Task Force

A second community-wide meeting should then be called in order to present a summary of the criticisms *and* a general guideline which would involve the community in seeking practical solutions for the problems. It is helpful to bring in one or more outside speakers at this point to broaden the knowledge and information of the local community on this subject. The end result of this meeting would be to form an Occupational Training Task Force, backed by the community to pursue innovative solutions. The composition of this Task Force should include the four major segments of the community—labor, education, business/industry and public agencies. It should also include local professionals working in their areas of expertise.

Limits and Functions of the Task Force

The Occupational Training Task Force will need to set priorities and a sequence for working on the problems. The Task Force must also define its limits of activities which will generally be in the overall planning, development and coordinating functions, *not* operation of training programs.

Manpower Needs a Logical First Step

The need for more accurate information about jobs in the future will generally take precedence over other needs. This is the logical first requirement upon which innovative solutions will be developed. This investigation was developed from this type of community involvement and is itself an innovative approach to developing manpower projections.

Manpower Consultant

At this point it is important to seek help from a person knowledgeable in the field of manpower development and the economic structure. This person should become the Task Force's consultant. He will have three major functions: 1) bring to the group his expertise in this field. 2) help the group synthesize its findings as an objective outside observer, and 3) relate to other local, regional (and beyond) forecasts, economic employment analyses, etc.

Joint Financial Participation

In order to carry out an analysis of manpower needs as described in the *Theoretical Basis For The Investigation* it is necessary to raise funds to pay the consultant to proceed. The joint-participation by contributions from the local institutions is important as each group then has a vested interest in the results and they will find its appropriate to continue active participation with more interest in its completion. Further, this joint-venture concept permits more to be accomplished with a given amount of funds.

Interaction of the Consultant and the Community

It is very important and necessary that constant interaction between the consultant and the community, through the Task Force take place. It is at this juncture that the realism of the operating world is brought into the analysis. Here it is possible for the consultant and the working Task Force to test their ideas, projections, and other resource data against the realities of the economy. State level people should be continually involved.

Feedback to the Community

It is important that frequent feedback to the community on the progress of the analysis take place at major bench mark points. Equally important will be the comments and suggestions received by the Task Force from the community.

Local Employment Survey

The local Employment Survey is essential. This needs to cover not only all the major employers but also a representative cross section of types and sizes of other businesses and industries. All major employers and as many smaller ones as money will allow should be interviewed. The balance can be covered by a mail survey with *at least* one follow-up.

One-to-One Contacts

Essential to a successful analysis is a large amount of one-to-one contact between members of the Task Force, members of the community and state representatives. This is the best method for creating understanding of the process. Here, radio, TV, and press media as members of the team are invaluable.

Role of the University Level

Equally important is a close working relationship with the professional people at the universities. The latest on theoretical and scientific knowledge is available at this level and is important to fitting the bits and pieces into a meaningful whole.

Focus on the Trainee

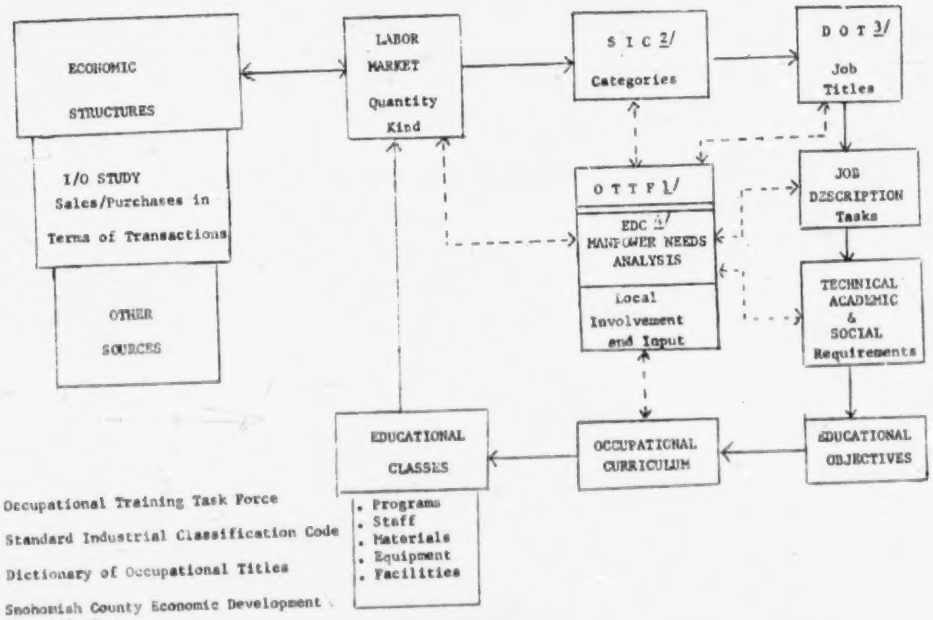
Paramount to all of this activity is the trainee to be served. The focus of all this activity must be upon him and his need to be educated and trained for the world of work.

OCCUPATIONAL TRAINING TASK FORCE STEERING COMMITTEE MEMBERSHIP

Dr. Hal Gilmore, Adm. Ass't., Intermediate School Dist. 109—Co-Chairman
Mr. Jack Martin, Manager, Employment Security—Co-Chairman
Mr. Lee Abbey, Training Chief, 747 Division, The Boeing Company
Mr. P. L. Cope, Secretary, Retail Clerks Local #448
Mr. Bob Humphrey, President, First Federal Savings
Mr. Paul Hylton, Assistant for Occupational Education, Community College District V
Mr. Bert Ibsen, Secretary, Sheet Metal Workers
Mr. Ed Ostling, District V Supervisor-Coordinating Council for Occupational Education, Div. of Vocational Rehabilitation
Mr. Lloyd V. Repman, Managing Director, Snohomish County Economic Development Council, Inc.—Ex Officio

EDC MANPOWER NEEDS ANALYSIS

AN EMPIRICAL INVESTIGATION


ECONOMIC STRUCTURES
I/O STUDY
Sales/Purchases in Terms of Transactions
OTHER SOURCES
LABOR MARKET
Quantity
Kind
S I C 2/
Categories
D O T 3/
Job Titles
O T T F 1/
EDC 4/ MANPOWER NEEDS ANALYSIS
Local Involvement and Input
JOB DESCRIPTION
Tasks
TECHNICAL ACADEMIC & SOCIAL Requirements
EDUCATIONAL OBJECTIVES
OCCUPATIONAL CURRICULUM
EDUCATIONAL CLASSES
. Programs
. Staff
. Materials
. Equipment
. Facilities

1/ Occupational Training Task Force

2/ Standard Industrial Classification Code

3/ Dictionary of Occupational Titles

4/ Snohomish County Economic Development Council, Inc.

3/31/70

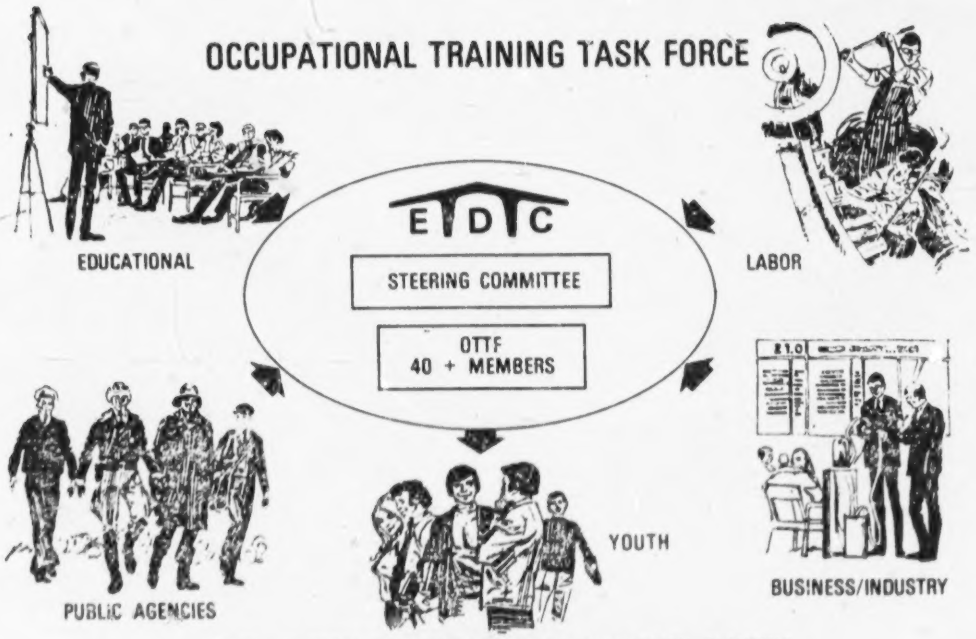
OCCUPATIONAL TRAINING PROGRAM

OF THE

SNOHOMISH COUNTY
ECONOMIC DEVELOPMENT COUNCIL

DECEMBER 1969 EVERETT, WASH.

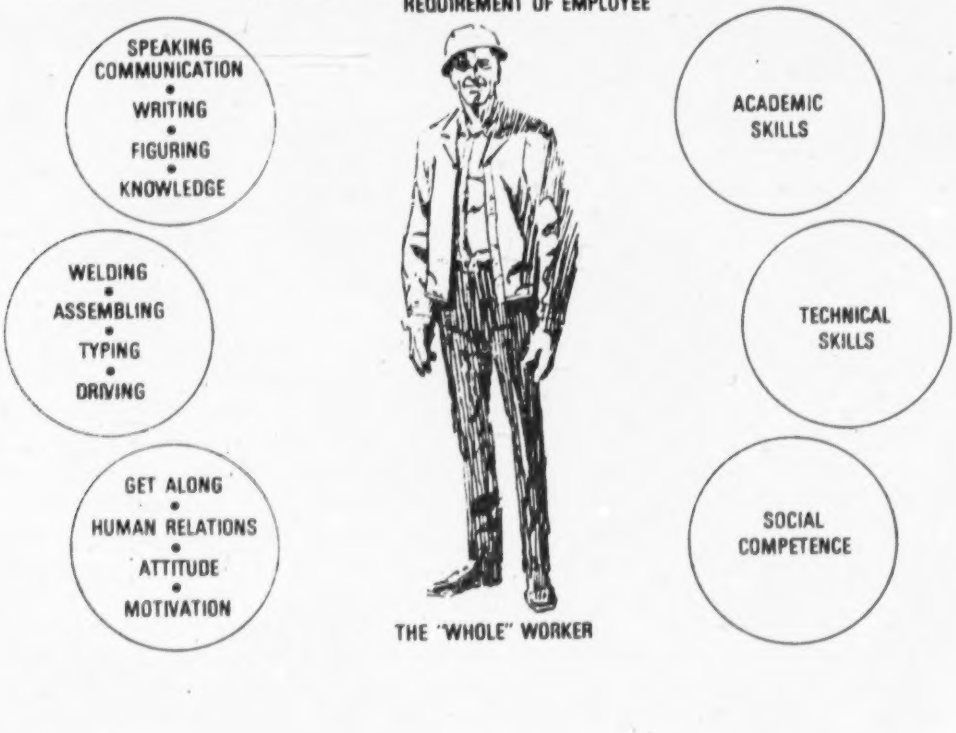
OCCUPATIONAL TRAINING TASK FORCE


EDUCATIONAL
LABOR
ETDC
STEERING COMMITTEE
OTTF
40 + MEMBERS
PUBLIC AGENCIES
YOUTH
BUSINESS/INDUSTRY

OTTF – A FOCAL POINT FOR COMMUNITY DISCUSSION, PLANNING, DEVELOPING AND IMPLEMENTATION OF IMPROVED OCCUPATIONAL EDUCATION TRAINING ON A COUNTY WIDE BASIS

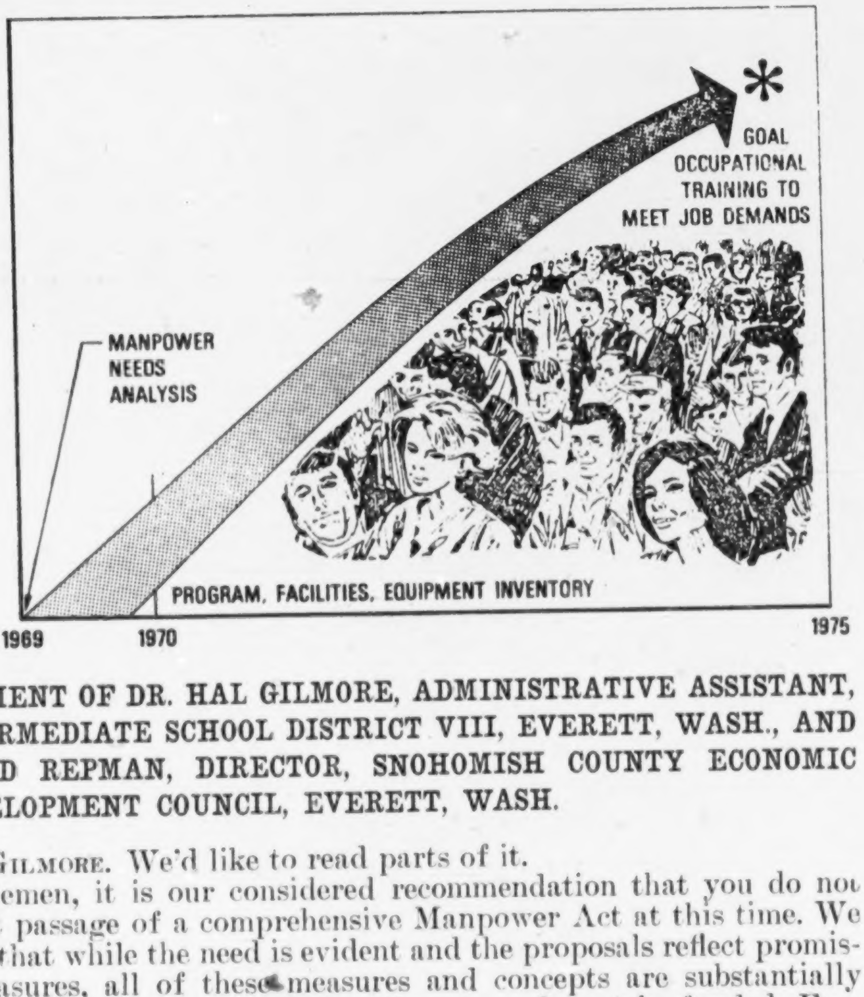
ETDC OCCUPATIONAL EDUCATION/TRAINING

REQUIREMENT OF EMPLOYEE


SPEAKING
COMMUNICATION
WRITING
FIGURING
KNOWLEDGE
ACADEMIC SKILLS
WELDING
ASSEMBLING
TYPING
DRIVING
TECHNICAL SKILLS
GET ALONG
HUMAN RELATIONS
ATTITUDE
MOTIVATION
SOCIAL COMPETENCE

THE "WHOLE" WORKER

EDTC OCCUPATIONAL TRAINING TASK FORCE



STATEMENT OF DR. HAL GILMORE, ADMINISTRATIVE ASSISTANT, INTERMEDIATE SCHOOL DISTRICT VIII, EVERETT, WASH., AND LLOYD REPMAN, DIRECTOR, SNOHOMISH COUNTY ECONOMIC DEVELOPMENT COUNCIL, EVERETT, WASH.

Mr. GILMORE. We'd like to read parts of it.

Gentlemen, it is our considered recommendation that you do not attempt passage of a comprehensive Manpower Act at this time. We believe that while the need is evident and the proposals reflect promising measures, all of these measures and concepts are substantially covered under present legislation—but not adequately funded. Further, the process by which moneys flow to the local areas is often too burdened with redtape and seldom arrives in sufficient time or quantity to effectively meet the needs of the individual.

It is our thesis that the local level, hereinafter defined, is "where the action is"—and where the problem is. Therefore, we proposed that the local established agencies, through a coordinating task force, jointly develop comprehensive programs tailored to fit the local need. At this level, each agency would receive Federal funding to carry out its portion of the total package which relates to its major purpose.

Mr. REPMAN. It is further recommended that a comprehensive coordinating task force be established at the State and Federal levels as well as the local level. In this scheme of things the Federal level would establish broad guidelines in terms of the national interest; require procedures which guarantee coordination and cooperation at the State and local level; would set forth requirements which would result in flexible approaches by the existing agencies so as to open up avenues of innovative approaches; would provide arbitration machinery and, through its taxing powers, supply the funds.

The State level would provide technical assistance, monitor the programs, provide arbitration machinery, and expedite the flow of funds through to the local level.

Mr. GILMORE. The basis for our testimony and recommendations is the EDC manpower needs analysis which was carried on by the occupation training task force of the Snohomish County Economic Development Council.

At this point I'd now like to move to page 6 and read from our prepared statement.

> The authors of this statement have been engaged at the local community level with major elements of the community—education, labor, business/industry, and public agencies—in the process of determining manpower needs of our local area and the development of plans to meet those needs. Attached to and a part of this statement is the methodology of this empirical investigation. Through this process we believe we have demonstrated the concepts embodied in our positions stated above and in our recommendations which follow.

Mr. REPMAN. Essentially the concepts upon which the EDC manpower needs analysis was developed were that each agency is designed for a specific purpose and that the coordination and cooperation between and among these agencies can provide the total program necessary to fully develop the trained person. It was carried on in a local area as defined above and was able to provide the direct involvement of all the major elements of the community. We submit that this process provides the key answer to the problems of developing trained manpower for our Nation's economy.

Mr. GILMORE. The following recommendations are made on the basis of our experience at the local level in the process of developing the EDC manpower needs analysis.

We would recommend that vocational education and specific manpower training programs be considered as complementary.

Mr. REPMAN. We would recommend that the training function related to occupational and vocational education remain under the auspices of the education system, but that "noneducators"; for example, technical industry supervisors, labor-trained journeymen, be included as instructors.

Mr. GILMORE. Cooperative work-study programs are a part of the training related to vocational and occupational education in terms of being an extension of the school programs.

Mr. REPMAN. "On-the-job" training such as "in-house industry" or apprenticeship training programs can and should continue as part of an overall manpower development system which covers the full spectrum of employment expressed within the total economic structure. Such programs are supplementary to and complement occupational and vocational education.

Mr. GILMORE. Within the educational system it is appropriate to provide specialized counseling, testing, and specific followup activities. Activities such as the relocation of employees, outreach programs, and placement programs should logically be placed within other agencies designed for those functions.

Mr. REPMAN. There should be established at the local level a coordinating task force representing education, labor, business/industry, and other public agencies. The membership should include both decisionmakers and the technical people. Appointments should be made by the agency involved.

Mr. GILMORE. The program development for training should be jointly developed by the local coordinating task force which could operate in a neutral meeting ground and provide the opportunity for innovation and freedom from fear of tradition, change, or established policy.

Mr. REPMAN. There should be an arbitration commission established from the major agencies at the State and Federal levels; for example, Department of Labor, Commerce, HEW, and so forth, to arbitrate any jurisdictional disputes over the guidelines and procedures at the State and Federal levels on the development and operation of the programs at the local level.

Mr. GILMORE. In order to produce effective change within the existing agencies to make them dynamic and responsive to the ongoing social and technological real world changes, funds should be allocated to the local level only after concurrence for the program has been given by the local coordinating task force.

Mr. REPMAN. The State and Federal level coordinating task forces set the policies, guidelines, and priorities based upon the recommendations from the local level and will, when required, act in the capacity of an arbitration commission.

Mr. GILMORE. Other regulations with time limits will be a part of the program which would require basis changes within existing agencies to meet manpower training needs. For example, "noneducators," like technical industry supervisors, journeymen, and others, be included as instructors. Criteria for instructor qualifications should be based primarily on experience, past performance and ability to teach.

Mr. REPMAN. Appropriations should be adequate to carry out the programs.

Mr. GILMORE. Funding should remain flexible and timely in order to develop the needed training programs quickly and in response to the changing economic conditions at local and regional levels.

Mr. REPMAN. Forward funding be applied in order that appropriate planning can take place.

Mr. DANIELS. Does that conclude your statement?

Mr. GILMORE. That would conclude our major statement for summarizing this work.

Mr. DANIELS. Gentlemen, you state there is no need for the passage of any comprehensive Manpower Act at this time, that in your opinions all you would need presently would be adequate funding, and then you proceed to set forth a program of how you would operate manpower programs and you direct your attention particularly to the local level.

If you looked at the various bills before the subcommittee, why could it not be possible, after all you have stated, for this to take place under any one of the three bills?

Mr. REPMAN. Sir, in our opinion the essence of all three bills are reflected in some of our recommendations and it is our feeling that the structure of the machinery exists but the coordination of the structure, for instance, Labor, HEW, HUD, has not been effected to maximize the efforts to focus on the trainee or the youth. We are really in no way attempting to put down the recommendation of the bills. We are saying the structure exists, but we have not put in the operating positions.

Mr. DANIELS. Regardless of what view you take, their primary objective is to coordinate the various programs, some of which we know have worked and some which have not been functionally operative. But, on the other hand, we do have many programs that proliferate all these agencies you talk about and it is our objective to coordinate these programs, and eliminate those which are wasteful in effect, and to come up with really fine productive programs.

Mr. REPMAN. We recognize that, sir. I would like to elaborate. A program which is worthwhile but not funded would not be operable at any level, State or local. That is one of our concerns. Recognizing that proliferation can occur, there is a need now more than ever before to put the various groups who are solving individual problems unilaterally within that community back together to look at the total problems within the economic structure. I hope we have made this point. We are attempting to relate this to the economy. That is the major role of our manpower analysis.

Mr. DANIELS. Then, as I understand your answer, you are placing concentration on the operation of these programs at the local level?

Mr. REPMAN. Yes, sir. This is where the problem is and this is where the definition varies. The question was raised earlier about an SMSA. This is a classic example of how their problem could be approached statistically but not realistically. For instance, Snohomish County and this county are together under one SMSA but the local variation of Snohomish County is different as the problems in Snohomish County are different than they are in King County. The same applies to Clark County in southern Washington which is included in the Portland SMSA. Our conclusion is that this kind of technique, just like many other agency structures, without being coordinated, shows we are not working with the tools we already have. The coordination at the State, Federal, and local level is mandatory if we are going to come up with answers and not exercises in futility.

Mr. GILMORE. I would like to comment with respect to this. It seems to me that, for example, the 1963 and later 1968 amendments to the Vocational Education Act say pretty much the same thing as is being said here in this manpower training program and the various bills before you. What I view here is that you already have legislation enacted which substantially can take care of the problem if the difficult problem of coordination and cooperation and intent is solved. It does not seem to me that the establishment of a separate Manpower Training Act would solve the problem of coordination and cooperation any better than the old act. Consequently, we gave as an example that area in which you have to make it possible for existing agencies to move more flexibly.

I think in our own State the requirements for the vocational education teachers is that they have 3 years of journeyman experience behind them. This is the kind of certification that is required in joining Manpower Training. But to develop a whole new paralled system for training people for the work when you already have a system in existence—I would like to make one further statement in regard to this. It seems to me the vocational education aspect of our total education system in these United States is that which really combines the real world with the academic world and if you separate this from the educational system, it is going to withdraw further and further from the realities of the world and academic teaching would be less and less responsive to the needs of certain large portions, up to 80 percent, of the population it serves. We need more than ever to put into the educational system the vocational aspects.

Mr. DANIELS. I would recognize the gentleman from Washington, Congressman Meeds.

Do you have any questions?

Mr. MEEDS. Thank you, Mr. Chairman.

I would like at the outset to commend both of these gentlemen for their prepared statement and their comments and also for something they have not talked about which is, I think, one of the finest efforts of any area I have seen to coordinate the educational system with the final goal of employability and employment. They have thought their efforts, there is not a culmination of it yet but they are working through the program they have talked about, been assuring that square pegs will go into square holes and round pegs will go into square holes in the Snohomish County area. I think this is one of the essential elements which must be available for any manpower program, the identification of needs and skills to fill those needs. It is going to have to be projected not only on a local basis but on a regional basis and finally on a national basis. That all, of course, would be made possible under some of this legislation which asks for a computerized job bank program in the United States. So, I think they have done some of the spadework which will be essential to the creation of that job bank.

I am particularly struck by their statements with regard to vocational technical education, Mr. Chairman and Mr. Steiger, and very generally speaking I have taken the position for some time that the present emergent and overpowering need for manpower training programs is largely the result and failure of our education system yesterday and for years. I am very concerned and I am very happy to note concern in your testimony that with the passage of legislation such as we have before us without some changes we may, in effect, be creating a dual system which would further detract from the new efforts of our vocational technical education system to share its proper role in training.

As I understand your testimony, it is that vocational technical education should be very much a part of any manpower program, is that correct?

Mr. REPMAN. Yes.

Mr. MEEDS. Do you have a fear that we may, by some of this legislation the way it is now, be creating dual vocational programs?

Mr. GILMORE. I might respond first. It seems to me that this is reflected in our testimony. We do, indeed, have such a fear. As I looked at the long list of various kinds of things to be provided in this act administered through the Department of Labor, I feel that we could go through these vocational education bills and find almost identically the same kind of things there; hence, I have the feeling this is indeed to create a dual system in the long run.

Mr. MEEDS. If you had it before you, you could read it for yourself. But since you don't, I will read it to you.

On page 9, line 4, of the O'Hara Meeds, et al., bill, "We provide for skill training centers whenever a consolidated training and related manpower service would promote efficiency and provide improved services."

It would be my interpretation of that provision, and perhaps we need to change these bills in other ways, that if the Secretary of Labor were going to create a skill center in a given area to meet manpower needs, that he could only do so when there was a consolidation of that manpower skill training center with the local occupational, educational, and related manpower services.

Would you think my interpretation is correct or, if I am incorrect, is this the type of interpretation needed?

Mr. REPMAN. I think you are very correct, Mr. Meeds. I think that Dr. Ginsberg brought this up and Dr. Gilmore and I discussed this project with him a couple of weeks ago. It is obvious in the local areas that any particular K- to-12 high school would not have the capability of having the capital investment to provide the facility, so we do have a very real problem in a skill center which would, combined, reduce duplication but would also provide more facilities for the same dollar investment.

Mr. MEEDS. A skill center which was, for instance, constructed and equipped under the authority of the manpower bill could very well be located on the campus of a community college or a comprehensive high school and could serve that educational agency and also manpower needs of the area?

Mr. REPMAN. That is correct.

Mr. MEEDS. I see no reason why a skill center so located ought not to be going 24 hours a day.

Mr. REPMAN. That would make full utilization of the building.

Mr. MEEDS. So, perhaps with this legislation, and maybe in a somewhat changed form, we could add emphasis on the role of vocational education ultimately being the real manpower program in the United States.

Mr. REPMAN. Yes, sir, provided that we consider a total person's special skills as well as the technical skills to help him become a better citizen.

Mr. MEEDS. But do you think any good manpower program should look ultimately to the integration of that program with our educational program? Is it not the function of education to prepare the whole man?

Mr. REPMAN. Yes.

Dr. Gilmore?

Mr. GILMORE. Yes; I would agree. We made a distinction in our definition. Manpower training for a specific job is a little different sort of thing. We are talking about a technical skill that would make this job and that man employable for that specific job, which may not be here. Also, with respect to the recommendations, we made a distinction that he works steady, where the person out in the field is given experience by on-the-job training, which is more to the technical problems of working in that particular job, so I see the need for integrating these two but also the need for the specific training of in-house industries, these types of training programs, to coexist and complement the general vocational educational training.

Mr. REPMAN. That goes back to the coordination of the skills. Welfare, if it is involved, should be sitting in this action. If we are talking about housing, HUD, who is responsible for planning and housing, should be sitting in the action because logically HUD is in charge of the recommendations for housing and housing is an industry which provides employment. This is our argument at all three levels. If we are going to really solve the problem and not go through a planning exercise, we are concerned that we do not dump this into a planning stage and that would be the end of it because the coordination of the skills directly involved and the youth and trainee are the most important things to integrate.

We have all the pieces of the action. We put them together to focus on the problem at all three levels. I think these are the essential parts of the problem rather than to come up with a reinvented wheel that will also solve the problem but will create a further time delay.

Mr. MEEDS. Thank you both, gentlemen. I appreciate your being here.

Mr. DANIELS. I now recognize the gentleman from Wisconsin, Congressman Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I have listened with great interest to what you have said and I must say that you leave me somewhat confused. You talk, on the one hand, about the fact that you do not believe a comprehensive Manpower Act ought to be passed and by that I trust that you are not suggesting that we maintain the present proliferation of programs, lack of coordination and the failure to be able to adequately plan and operate a program which does, in fact, cover the whole man because this is where you go if we don't pass anything. It is not a question of nothing versus something, it is a question of maintaining our present system built up since the early 1960's of grants.

Are you saying that is what we ought to do, we ought to maintain the present system?

Mr. GILMORE. May I begin an answer on that? Obviously, no. We used Headstart as an example. Headstart was a program for young people that provided a new innovative way to work with these folk, and I think in any program, Job Corps, NYC, all of these, that Headstart now has found a home where the basic training aspect is logically placed within that established agency and I think this is what should be happening to these various programs that are innovative in nature. I don't think they should remain out there to be disconnected, but I don't think we are creating a whole new act, a whole new parallel system. I don't think that is the answer. I think making those agencies more responsive which are already established to do the things they were established to do is the answer.

Mr. STEIGER. But, in fact, we cannot do that unless we pass specific legislation which pulls those presently existing manpower programs, not vocational education but manpower programs, MDTA, those authorized by the Economic Opportunity Act which are today in separately split categories and centralized in the District of Columbia, Washington, and, therefore, spread as they go out on the grant-type basis to over 10,000 grantees across this country.

So, in effect, you are not saying we ought not to pass that; are you?

Mr. Gilmore. What I am saying is that you should strengthen the acts you already have passed and have the various proliferated programs brought together in an agency already established to do that function.

Mr. Steiger. Which is the Labor Department?

Mr. Gilmore. The Labor Department, it seems to me, should take the replacement problem and the job bank problem, but it seems to me that we already have an educational system that is there for the main purpose of providing training and that there is no need to reestablish a whole new system of training.

Sr. Steiger. But, in fact, if you go through my bill or any bill you will find in there repeatedly references, which I think we can strengthen, which say that you shall use existing institutional facilities where they exist for the purpose of institutional-type training.

Mr. Gilmore. One point. I think you say in several places in all the bills that you should have the Department of Labor obtain concurrence from HEW or approval. I would submit why not say it ought to be HEW obtaining concurrence or approval from Labor and also from Commerce?

Mr. Steiger. If you go that route, of course, then you are talking about the Department of Education and Manpower training. Let's lay that one aside. I have supported that and I think that is eventually where we ought to go, but at this point I am talking about just what we do to take the existing manpower programs that are operated by the Department of Labor, not by the Department of Health, Education, and Welfare, decategorizing them and decentralizing them.

Are you telling me that you oppose that decategorization and decentralization?

Mr. Gilmore. If I had to have a choice, I would certainly much rather see all these brought together in the Department of Labor if they could not be in any other way. I think they would be much more effective if you take them as major training components of our total educational system and place them within that specific agency.

Mr. Repman. Another reason for this, Congressman Steiger, we are trying to relate the recommendations and the economic structure rather than planning a job program over here without recognizing what type of economic or employment opportunity is going on over here. We are doing a theoretical plan over here. If we can cross the structure or the job demand to the community at the local level because there is local variations, then you would maximize the reality of this thing and get the job trainee aimed at a job existing in the economic structure.

Now, with the help of those agencies that have specific tasks assigned to them and a coordinated planning basis, then we would have some real planning and not more exercises.

Mr. Steiger. Would I be fair in saying that you do, in fact, or would, in fact, support the concept, for example, contained in the administration bill for an area planning body made up of public, business, labor, social organizations, those public agencies such as employment apprenticeship, general vocational education, industrial development, labor, human resources development? They would all go together?

Mr. Repman. Absolutely. This is our thesis.

Mr. Steiger. Fine. That's a step down the road.

Mr. Repman. That is the thesis of our manpower analysis. We started out at the local level with the same equipment, but it is important that those people who participate on that committee be experts and decisionmakers and not letterhead appointees.

Mr. Steiger. I think we all would agree with that. I don't think we would find anybody in disagreement with that. I must say that from what we heard yesterday in Des Moines and I know from conversations with people in Wisconsin that this concern has been expressed insofar as competition between HEW and the Department of Labor is concerned and the fear has also been expressed about the creation of a dual system. I think as one member of this committee that I feel very strongly there ought not to be a dual system and we have to work in legislation to be sure that that does not happen. I would just simply state to you it is not the intent of my bill and I do not believe it is the intent of the administration bill to do that. This is a fear being expressed by vocational educators particularly.

The question is what do we do today with the existing programs which are now going on and which are not now meeting the needs of the individuals involved.

I think Lloyd Meeds is the man who is perhaps more responsible than any other Member of Congress for the Vocational Education Act of 1968 and I was pleased to be a cosponsor with him of that act. That act serves a purpose. What we do now to better organize the delivery system of the existing manpower programs serves another purpose, not an antithetical purpose, to the 1968 act but complementary and supplementary purposes.

Your testimony is helpful and your concern, I feel, is very deeply felt. I think what you said in your statement to all of us is further reenforcement to be sure we don't do something we don't want to do in creating a dual system.

Mr. Gilmore. Thank you very much.

Mr. Daniels. Gentlemen, thank you very much.

The committee will adjourn for lunch and shall reconvene at 2 o'clock.

(Whereupon, the subcommittee recessed at 12:35 p.m., to reconvene at 2 p.m.)

AFTERNOON SESSION

Mr. Daniels. The hearing will come to order.

Our next witnesses are Dr. Norwood Cole, Mr. Willard Bill, and Mr. Walter Roberts.

Please step forward.

Mr. Cole. Thank you, Mr. Chairman. Mr. Bill will make our statement.

Mr. Daniels. You may proceed, Mr. Bill.

STATEMENT OF WILLARD BILL, DIRECTOR OF MDTA, SKAGIT VALLEY COMMUNITY COLLEGE, MOUNT VERNON, WASH., ACCOMPANIED BY DR. NORWOOD COLE, PRESIDENT, AND WALTER ROBERTS, ASSOCIATE DEAN OF VOCATIONAL EDUCATION

Mr. Bill. Mr. Chairman and members of the committee, it is an honor to testify today before this committee on behalf of five Indian groups. These groups are the Tulalip, Swinomish, Upper Skagit, Lummi, and Nooksack. The program is being operated on the Tulalip, Swinomish, and Lummi Indian Reservations. This program is Indian oriented and that is why I was considered for appointment as director. I am a Duwamish, Muckleshoot Indian and a schoolteacher of 8 years' experience. In the program we are attempting to hire Indians whereever possible in profesional or paraprofessional positions. In my report today I will describe the project in hopes that from the description you may gather ideas that may be pertinent to pending legislation.

Skagit Valley Community College is the local sponsoring agency. The program falls under the department of vocational education which is headed by Walt Roberts. Today I am reporting on behalf of Dr. Norwood M. Cole, president of Skagit Valley Community College. I want to add at this point a very important fact. It took a good deal of courage for the college to undertake the sponsoring of this project. To quote a line from the application:

> Training facilities on any of the three reservations are very inadequate. Each reservation has tribal buildings that may be used if renovated to fit the particular goals of a portion of the program.

Another line reads:

> Most of the renovation of buildings will be done by the students in the building maintenance program as a part of the laboratory experience directly related to the training section outline. All work will be done under the supervision of a qualified instructor.

The decision had to be made whether to hold classes on the reservation or on the school campus. I believe that it was the right decision to teach classes on the reservation. The tribal leaders have stated that most of the students would not have attended if classes had been taught on the Skagit Valley campus.

On December 8, 1969, we began the building man maintenance program with five students in each class. We brought in more students as we were able to provide better facilities. The class has had to have a large number of laboratory hours because they were charged with providing facilities for the other classes.

Then we break it down here into the three schools, the square footage for each school and the purpose of remodeling these buildings. For example, on the Lummi School the main floor provides three classrooms, office occupation, and the garage provides the garage facilities for us. This was the former garage for the Columbia Day School and we were using such facilities which existed before the school gym burned to the ground, so this is going to be a part of our program.

At the Tulalip School, the tribal headquarters, we are remodeling that and we were using about three different buildings for classrooms here. They are mentioned here.

The "Webb" shed, that was used in former days by Swinomish fishermen to store their nets and was going to be torn down. We moved it to our school location and we are remodeling it for the garage.

The health occupations unit began January 5, 1970, on the Lummi Reservation. The teacher, a Lummi Indian, is an L.P.N. We also have an R.N. who is a regular member of the Skagit Valley College staff. The program is designed to train the women for nurses aide positions. Another important factor that we hope will come out of the program is better health care of these individual Indian women and their families.

The office occupations classes began February 9, 1970. This has also proven to be a much needed class not only for the trainee but for the tribes as well. The tribes are able to use the trainees in on-the-job type training in the community action program offices, tribal offices, and in tribal functions. There has been a marked improvement in this class.

The mechanical cluster began March 2, 1970. This class also has a number of ancillary benefits other than teaching the trainees to repair engines. Our classes will at least be able to repair the cars of the trainees to a point where the trainee will be able to get to work. We feel this service will encourage the trainee to habitually maintain his car so that he can be relied upon to get to work every day at starting time.

We also repair tribal vehicles to further strengthen the tribal structure and help the tribe to provide services to the reservation population that otherwise might not be provided. This also provides the trainees with vehicles and parts to work that do not cut into the program funds. We also ask any person or agency to make out a work requisition to present to the teacher prior to the teacher assigning a trainee to laboratory experience.

Our basic education teachers have a responsibility of teaching the trainees for a period of 2 hours per day. The teacher must keep two goals in mind: (1) The GED is a need for many of our trainees. We have books on how to study for the GED and the teachers are teaching with the thought that our trainees will be taking the exam. We have made arrangements for the Skagit Valley College counselor to test for the GED on each individual reservation. (2) The teachers are making instruction as relative to everyday living as they can. We feel that we need to teach in areas, interest rates or loans for example, that will be practical rather than deal in theory. We have had a number of evening inservice workshops provided by Ray Pruiett, director of extension courses at Skagit Valley College. The workshops have covered: (*a*) audiovisual facilities, (*b*) library services, (*c*) philosophy, (*d*) teaching techniques, (*e*) GED and other basic education materials and other related material.

We have used the metropolitan achievement test March 27 on the Swinomish Reservation to test for grade level. If this test proves satisfactory, we will use it on the other reservations. We also have the option of using the GATB and exams at the disposal of employment security.

The trainee's first step in entering our program is to visit his local employment security office in Everett, Mount Vernon, or Bellingham. The Washington State Employment Security Department then does the referral to the local reservation school. The local office also assists our teachers in making out the weekly training allowance form. The local office will also test the trainees and do the job development. They have also provided help in filing out the MA–102, which is the termination or transfer form. As our staff becomes more familiar with the forms, we will become more proficient. Employment security has been of great help to our program and we appreciate their cooperation.

The Indian advisory committee, 11 members, has a key role in the success of this program. The committee is composed of 11 Indians and represent the Indians that the program serves. They offer their advice on the policy that the program should follow. These are some of the suggestions that they have made: (1) An 8-hour training day to be relative to the employment day, (2) arriving on time every day for training, (3) safety training on the job, (4) punishment for drinking during the training, and (5) an insistence on trainees taking pride in themselves.

Despite many handicaps, we have had an attendance record of about 90 percent. It has been amazing to me that we have had that high a percentage. This is due to the fact that (*a*) the classes are held on the reservation, and (*b*) the advisory committee plays a big role in trainee enrollment, conduct, attendance, and termination. We feel that for the program to succeed, the advisory committee must be kept informed by letter and also by day to day contact about the total program. To the degree that the Indian advisory committee participates in the program, to that degree the program will be a success.

Other pertinent data: (1) The National Opinion Research Center is using the ABLE in testing all trainees at the Tulalip school. This is a program that extends over a period of 2½ years to test the benefits of MDTA training. Tulalip falls within the urban area. (2) We have been able to provide day care at Lummi through our health occupations class. This has been a necessity, particularly in light of the $35 per week training allowance. If a female trainee has to pay for day care out of her allowance, it leaves her very little money to pay her bills. Some of this day care training that these women received was not good. (3) Tulalip made a significant step by having a meeting on the reservation of their adjacent Marysville school district superintendent and all principals. I was able to sit in on this meeting and I related to them that I was impressed by the fact that the administrators would attend such a meeting at tribal headquarters. (4) On April 6, 1970, all superintendents of Island and Skagit Counties will meet at our Swinomish school.

We have a list of agencies here which is not complete which we have contacted and we will contact in the future as far as helping us in our program there. As to the future years, I won't go into those because each of those would be quite a case in itself, particularly number (j).

Agencies contacted: (*a*) Employment Security, concerning trainees MDTA training allowance and advances; (*b*) Public Assistance, concerning food stamps, child care services; (*c*) Washington State Parole, regarding two of our trainees who are on parole; (*d*) Salvation Army, concerning emergency help for trainees: (*e*) Western Washington State College, regarding New Careers testing; (*f*) American Legion, assistance for a trainee who is a veteran; (*g*) Whatcom Foundation, Inc., application for financial assistance for housing for a trainee; (*h*) Bellingham Technical School, one trainee was enrolled; (*i*) Lummi Health Clinics referral of trainees in need of medical care; (*j*) BIA, regarding training information; (*k*) School principals (Tulalip); (*l*) Karman Center (drugs).

The flexibility of Skagit Valley College in handling this program cannot be overemphasized. The college was able to recognize the deficiency of Indian education because of the fact that Swinomish was the teaching responsibility of Skagit Valley College prior to the beginning of the program. However, by offering the classes in the familiar setting of the reservation, we can enroll a larger number of trainees. It is our desire that any program wishing to deal with employment training of Indians consider the flexibility of Skagit Valley College, training on the reservation and consultation with an Indian advisory group.

Recommendations: (1) Many programs have been attempted on our reservations that were of a short duration. I would encourage that some mechanism be found to fund MDTA or other training program for over the present 1-year period. Our greatest danger is not a failure in training employable Indians, but to once again disillusion the Indian by starting a program, offering hope, and then withdrawing the program; (2) the relationship between Employment Security and Skagit Valley Community College has been a good one and I would recommend that this relationship as it exists in our MDTA program be continued; (3) the employment and education problems on reservations are unique and difficult to understand. It is our belief that local people and local agencies are best equipped to deal with these unique problems. A community college, such as Skagit Valley, is able, because of its contact with the reservation, to understand and deal more effectively than a regional office; and (4) the reservations are in a rural area and this fact again points up the importance of consulting with local Indian, educational, and employment resources.

To quote from the Seattle Post-Intelligencer:

> No buttoned down zealot, fresh off a jet from Washington and to the big city born, skipped onto the reservation this time with a head and briecase chocked with ideas for improving the Indians' lot.
>
> The Indians participated in the planning of every step along the way with Skagit Valley school officials and, in the doing of it, got a training program tailored to reservation needs.

(The document referred to follows:)

APPENDIX I.--REPORT OF LABOR FORCE: (X) MARCH--TULALIP RESERVATION, WASHINGTON, 1970

	Total	Male	Female
A. Total resident Indian population (b plus c)	535	273	262
b. Within the reservation	475	242	233
c. Adjacent to reservation	60	31	29
d. Total under 16 years of age included on line "a"	235	119	116
RESIDENT INDIAN POPULATION OF WORKING AGE (16 YEARS OLD AND OVER)			
E. Total 16 years and over (a minus d)	300	154	146
f. 16 to 19	69	36	33
g. 20 to 24	60	31	29
h. 25 to 34	45	23	22
i. 35 to 44	38	19	19
j. 45 to 64	64	30	34
k. 65 years and over	24	10	14
M. Not in labor force (16 years and over), total (n plus o plus p plus q)	129	59	70
n. Students (16 years and over, including those away at school)	44	19	25
o. Men, physically or mentally disabled, retired, institutionalized, etc	40	40	
p. Women for whom no child-care substitutes are available	22		22
q. Women, housewives, physically or mentally disabled, institutionalized, etc	23		23
R. Available labor force (16 years and over) (e minus m)	171	95	76
S. Employed, total (t plus u)	98	67	31
t. Permanent (more than 12 months)	39	24	15
u. Temporary (including persons away on seasonal work)	59	43	16
V. Unemployed (r minus s)	73	28	45
w. Of these, persons actively seeking work	19	16	3

Mr. MEEDS. Thank you very much, Mr. Bill.

Would either you, Dr. Cole or Mr. Roberts, have anything that you would like to add?

Mr. COLE. Congressman Meeds, of course, you were in on the early planning of this project. Mr. Roberts was the person who worked very hard, very diligently over almost a year's time in the preparation of this program. The point is, I think, in most areas of education one has to decide what kind of priorities one does want to expend the available resources on. We felt in the case of our Indians that there had been too much paternalism for hundreds of years now and we should go to them for advice. I think you were in on a meeting one night, which was the most thrilling thing that ever happened to me, when one of the participants said for the first time, "Somebody has come to us and asked us what we want." That has been the attitude under which this program was developed.

Walt worked on this most of last year in the development of this along with the others and there is no telling how much money Skagit Valley College expended in its program without any kind of help, without any planning, and I would like for Walt to explain a little bit of the planning in just a moment.

One other thing that I would emphasize here and that is rural areas do have problems just as much as the city areas and I would disagree with the Honorable Mayor when he said all problems are in the cities. They are not. The same conditions exist. We have our poor, we have our minorities. We do have a little more time to do some planning.

But if the big cities had done some of this planning and used some of their resources wisely, maybe some of the problems would have been solved long before this.

So, I would close by saying it is important for us to have local self-determination. But, at the same time, I would also recommend that we do have a coordinated effort.

Thank you.

Mr. MEEDS. Thank you, Dr. Cole.

Walt?

Mr. ROBERTS. Thank you, Mr. Congressman.

I think I'd just like to say that I wish in the formation and development of the bills which you are presenting that you would take a very close look at the implications of putting the responsibility into one agency. I think if you digest the report Mr. Bill made very closely, you will find this is an educational venture with labor as the supporting element.

I am not going to try to take anything away from the responsibility of labor in all of these determinations, but I would like to say that I would hope that HEW would have a very strong voice in any bills that you might put before Congress.

In the formation of this program and in the development, I think that education needs a strong voice. I know that Skagit Valley College put itself out on a limb. We made decisions that I think in this case only education can make. I think this came from years of experience working with groups such as the Indians. I'm not saying that labor might not have the perception to do the job we did. They are doing it and we need them very badly. But I am not too sure in the rural areas. I think you can call the State of Washington, in general, a rural area and it needs to have a strong voice in education. I think labor is very effective in the metropolitan areas, but I would say in the rural areas their education system has the flexibility, it has the know-how, it has the perceptibility to implement some of the programs that are unique in nature. I think many of us have the ability to implement such programs.

Thank yo

Mr. MEEDS. Thank you very much, Walt, and thank you all, gentlemen.

I have a couple of brief questions. I will direct this question to you, Mr. Bill. I have had several letters since the inception of our hearings on manpower bills from Indians entreating us not to place the responsibility for manpower programs on a State basis but to retain the jurisdiction in the Federal Government for manpower programs. I know that is a very general statement, but I got the definite impression from many of these letters that the Indians who were speaking for their tribes because they were directed from tribal councils were very apprehensive about dealing with the State governments under which they found themselves. Could you comment on that and give us any insight that perhaps we could use in this legislation, Mr. Bill?

Mr. BILL. First, I would have to know which Indians. There are as many varied Indian opinions as there are varied other opinions. I would have to know who those Indians were, No. 1.

No. 2. I can only speak for the five reservation groups and particularly for the three where we are holding our schools in, and we work on a day-to-day basis with them. I have their advice and it is their advice upon which this program is working, that it is effective and that the trainees are taking tremendous pride in themselves. This is not something that these people take casually because we are dealing with trainees who have had records of unemployment and we know why. They don't get to work on time. They come to work not in condition to work. They don't stay on the job. They stay a week and quit. They wind up in prison. So, I know the reasons and that is not a casual statement. This group says this program works and they do not mind the jurisdiction it is under right now. They are in favor of it because it is working.

So, speaking for those three tribal councils, if I can do that, I would say that we would differ with those Indian letters you have received.

Mr. Meeds. Thank you.

As I recall now, the funding for this program, the overall program, is coming through the Department of Labor; is it not?

Mr. Cole. Yes.

Mr. Meeds. How much funding do you have for the present year under which you are operating?

Mr. Bill. A total funding of $708,000.

Mr. Meeds. How many Indian people do you have in training at the prsent time?

Mr. Bill. Approximately 130.

Mr. Meeds. All of this is being directed through Skagit Valley College; is it not?

Mr. Bill. Yes; the training is provided by Skagit Valley Community College along with referral.

Mr. Meeds. Is this the type of admonition, Walt, that we have from you, that you want to keep HEW in it? Is this what you are saying? Are you talking about local educational agencies?

Mr. Roberts. I am saying that we should take a very close look at a cooperative venture that would put both labor and HEW on an equal level. Perhaps what we need at the national level is, and I hate to say "super agency," something that would be responsible, a board, if you so desire, that would be responsible to see if it is labor, HEW or both that would do the job at the national level and see if there are multiagencies which have to be involved in this kind of thing and that they are utilized.

Mr. Meeds. Thank you very much.

Mr. Steiger?

Mr. Steiger. Chairman Meeds, I listened with great interest and I must say that I am pleased to know the kind of work you have done.

Since you raised the question, Mr. Bill, about number (j), the Bureau of Indian Affairs, you said that is a case history in itself, I would be fascinated to know what is going on.

Mr. Bill. Well officially I am going to make our first presentation to the Bureau of Indian Affairs next Tuesday in Portland, Oreg. There is a regional meeting of the Bureau of Indian Affairs superintendents. Again, it is on the advice of the committee that I go to them and tell them about our program and seek cooperation without being abrasive.

This will be a chore, but they tell me it can be done. So, here again I am following their thinking. We can see many ways in which they can help.

For example, our program is termed prevocational. These trainees could do this at Sakagit or wherever.

Mr. MEEDS. Bellingham?

Mr. BILL. Yes, Bellingham.

If the Bureau would fund those Indians to attend those schools, we could make a real breakthrough. Again, they would not have to relocate the trainees; they would not have to be relocated from the reservation to a rural area or urban area. They could stay home and go to a school rather than going to Seattle, Tacoma, Los Angeles or some other area. We are going to make a big pitch for that and hope that in this way this will be one of the ways in which they will help our program.

Mr. STEIGER. I will watch that with great interest.

Mr. COLE. May I comment?

Mr. STEIGER. Yes.

Mr. COLE. I have looked with some interest concerning this particular subject and it seems to me one of the real problems with the Bureau of Indian Affairs, and I know they have been castigated from time to time and I have been one who did so and I think they needed it, as a matter of fact, it is the attitude with which they have worked with the Indians. They have not worked with them, in most cases, but they have provided a paternal attitude. In their programs they say, "We are giving this to you," and I think this is a real problem in dealing with any kind of groups. You cannot go to them and tell them this is what is good for them. You have to point out that you are there to work with them and find out what they need. A great deal of the background in this particular program we are talking about here comes as a result of friendship that a number of us have had with the leaders of the Indian groups. It wasn't until about 5 years ago when I became president of Skagit Valley College that I could do much about it. After that we began to go and work with these people.

For instance, we went out and had a great deal of conversation with the tribal leaders in attempting to find out what we could do for them and with them and one of the first programs we did was to offer a course in the repair of small motors because the Swinomish are concerned principally with fishing. It is a big part of their economy. So, what they did was to clean out an old oyster shed and we took an instructor, equipment, and so forth out there and that was the beginning. We wanted to start with some program that would be successsful and from that we offered others.

I might add the community colleges in the State of Washington have to charge a tuition. Well, it was not available. The tuition was unavailable to these people, so we financed it out of our regular college budget. This goes back to my earlier remarks. If you are willing to put your money where your commitment is, a lot of this can be accomplished.

Mr. STEIGER. I must say that I was pleased by Mr. Roberts' reference to the fact that not all the problems in this country exist in one area of the country or in one specific locality.

Thank you, Mr. Chairman.

Mr. MEEDS. Thank you, gentlemen, for appearing. We appreciate your testimony.

The next witness will be Mr. Lou Steward, educational director, Washington State Labor Council, Seattle, Wash.

Mr. Stewart, it is a pleasure to welcome you before this committee. You have been before four other committees of this Congress and it is always a pleasure to have your advice.

Please proceed. You may read your statement or summarize. If you prefer the latter, your entire statement will be made a part of the record.

Mr. STEWART. Thank you.

Gentlemen, if you don't mind, I would prefer to read it. I think I can cover more ground in less time. You have a long hearing day behind you and more yet to come.

For the record, my name is Lewis O. Stewart. I am the educational director, Washington State Labor Council, AFL-CIO.

First, I want to thank you very much for holding this Seattle hearing so that we can contribute our local views to the national legislative process and especially so since I have learned that you could have been enjoying a week's Easter vacation. We are grateful to you.

STATEMENT OF LEWIS O. STEWART, EDUCATIONAL DIRECTOR, WASHINGTON STATE LABOR COUNCIL, SEATTLE, WASH.

Mr. STEWART. President Davis wanted very much to come and testify today. However, he was already committed to a meeting of the Conservation Congress being held in Wenatchee. He sends his respects and best wishes.

I want also to take this opportunity to express the approval of the Washington State Labor Council to the House Committee on Education and Labor for the Vocational Education Amendments of 1968. The state labor council by convention action in 1968 formally and unanimously endorsed that legislation and applauded our own Congressman, Lloyd Meeds, for his role.

I am grateful to you this morning, Congressman Steiger, for saying that Lloyd had contributed more than any other single Congressman to that bill. Mr. Steiger, I thank you for that statement.

We have compared the three bills considered here today. As is often the case where three persons, or groups of persons, write legislation in response to a critically urgent need, each of the three bills has commendable features. However, we believe that the bill which responds to the most pressing problem in the State of Washington is the O'Hara bill. The Meeds bill is one which I hadn't seen nor did I know about.

Mr. MEEDS. It is the same as the O'Hara bill.

Mr. STEWART. Privately I will give you the same message, Congressman Meeds.

The single most crucial problem in Washington is unemployment. According to the latest available data, we have almost 70,000 persons who were previously employed and are now unemployed. The "covered" unemployment rate jumped from 4.5 percent in March 1969, to 7.9 percent, reported as of March 25, 1970, and, as you heard this morning, it was 8.3 percent very recently.

We have unemployment rates of 18 percent in two employment security department districts, with over 14 percent reported by the Anacortes office in Congressman Meeds' district, and I am sure that you are aware of it.

Mr. MEEDS. I surely am.

Mr. STEWART. Total unemployment was estimated to be 97,100 or 7.1 percent of the labor force.

Much of this unemployment, of course, is based on the cutback by the Boeing Co. The State department of employment security showed another decline of 5,300 persons employed in the aerospace industry from mid-February to mid-March 1970.

In addition to the cutbacks at Boeing, the building and construction trades have been hard hit by the freezes on capital construction ordered both by President Nixon and by Governor Evans. Just one example, and I could cite many, believe me, during February and March of 1970, out of 650 structural iron workers in Seattle, from 220 to 250 have been out of work.

Yesterday we were conducting a legislative workshop over in Pasco. I complimented the people there, there were so many building and construction tradesmen present. I was somewhat dismayed when I learned that they would rather have been working and earning a living than being in my workshop.

This administration, under the guise of alleviating the inflationary spiral by raising interest rates, has caused severe cutbacks in the homebuilding industry. I hope you realize the raise in interest rates last year alone will cost more in a 30-year payoff on a home or office building than the total labor cost that went into that building and that is the increase in labor, the increase in interest, and not the total interest.

Please do not dismiss my picture of our unemployment rates as being only temporary. To be sure, we pray that these extreme rates will improve. But Washington is and has been a high "covered unemployment" State, as shown in the following table.

The insured unemployment rate for the United States is 1964 was 3.7 percent, for Washington State it was 6.6 percent, with Washington ranking second; for the United States in 1965 it was 2.9 percent, for Washington State it was 4.8 percent, with Washington ranking third; for the United States in 1966 it was 2.2 percent, for Washington State it was 3 percent, with Washington ranking eleventh; for the United States in 1967 it was 2.4 percent, for Washington State it was 3.3 percent, with Washington ranking sixth; for the United States in 1968 it was 2.2 percent, for Washington State it was 3.2 percent, with Washington ranking sixth; and the 5-year average for the United States is 2.7 percent, for Washington State it is 4.2 percent, with Washington ranking third.

Now, my purpose in stressing the unemployment picture in a hearing on these manpower bills are twofold, first, the O'Hara bill, H.R. 11620, and the Meeds bill, is the only one of the three bills which has public service employment as a component part of the bill. We are not advocating public service employment as sort of a necessity. However, as a last resort, if people cannot work in private industry, we think public service employment is the answer.

It is one thing for government, whether local, State, or Federal, to provide financial assistance to the training of persons so that they may become self-sustaining. It is something else again to see that those persons, so trained, can actually go to work and apply their new skills. If they must compete for jobs with unemployed persons, who have previously been employed and are now looking for work, they have very little chance, if any, of actually getting jobs. You cannot expect a businessman to look favorably upon a new applicant for work when there is an experienced man with a good work record right behind him. If a previously unemployed man undertakes training for the purpose of getting a job and then, after his training, he still can't go to work, the result is even more tragic than his original situation. The O'Hara bill is the only one of these three bills which even attempts to contemplate some degree of assurance that work experience will follow training.

I might say at this point, Congressman Steiger, that one of the best features, I think, of your bill is that you require that the State plan include the State plan for putting people to work. But, again, it is only a plan and does not provide assurance of employment as the O'Hara bill does, in our view.

In addition to competing with people who have been working and are now unemployed, many of them who are unemployed are highly skilled people which makes it even tougher for the newly trained person to get his on-the-job experience.

Second, we had a purpose in stressing the cutbacks at Boeing and in the building and construction trades here in Washington. These kinds of layoffs or cutbacks put literally thousands of persons, who possess fine skills, in addition to just being previously employed, out of work and in the job market. The newly trained people would not only be competing with previously employed persons with good work records, but they would be competing in many instances with highly skilled, underemployed (intermittently employed) persons whose skills and job know-how are highly adaptable to other kinds of work. This situation makes it doubly difficult for the newly trained entrant to get his first on-the-job experiences.

The O'Hara bill, with its provisions to put trainees on the job, even if such work must be provided, addresses itself to the single toughest problem facing manpower educators. That emphasis alone would cause us to support the O'Hara bill.

I would like to point out after I prepared my statement I found in yesterday's Post-Intelligencer on page 6 an item from the New York Times that Senator Gaylord Nelson, chairman of the Subcommittee on Employment, Manpower, and Poverty, "Questioned the policy of committing money for job training when there might not be jobs for the trainees." We think we are in pretty good company with Senator Nelson or vice versa.

Mr. STEIGER. I'm sure, "vice versa."

Mr. STEWART. No comment.

The O'Hara bill provides yet another solution to getting the newly trained person regular employment. Unlike the other two bills being considered here today, the O'Hara bill also provides for upgrading the skills of underemployed persons. Again, we ask how effective is a manpower training program which adds entrants to an already overloaded, bottom level, lowest skilled category of work, where thousands of persons are already working at less than their potential capacities? The O'Hara bill would make room for newly trained persons, by assisting other persons already on their jobs, but potentially capable of doing higher levels of work, to move up their career ladders.

Before I sum up, if I may, I should like to comment on a couple of pieces of testimony this morning. I should like to point out to the committee that the conflicting testimony of Mayor Wes Uhlman and Mr. Hemstad, representing the Governor, very aptly illustrates the present, let alone future, cumbersome coordination of the conditions contemplated in the administration's bills. The Meeds and O'Hara bills cut all that short and make one person, the Secretary of Labor, responsible for manpower training programs. In the administration bill that our Governor seems to favor so well, the plethora of additional governmental coordination may create some employment itself in government bureaus or bureaucracies, but that won't be for the persons who need the employment the most.

I invite you to inspect page V of the Library of Congress analysis of October 1, 1969, and you will see an organizational flow chart based on the administration bill that would take at least 3 years to set in motion.

I would also like to point out that the programs you have heard about this morning, the very excellent program going on up in Snohomish County and the very excellent program going on at Skagit Valley College, could be carried on under the O'Hara bill and without the Secretary of Labor having to get concurrence from the Secretary of HEW, without the Governor having to get approval from a local administrator or vice versa. With one person, the Secretary of Labor, responsible for establishment through contractual procedure either with public or private agencies, every one of the effective schools in the State of Washington could be used.

I would further point out that the compelling use of HEW that the educators seem to ask for would not even be a subject for discussion here today if the educators and HEW had been doing their business over the past several years, and we question why they have to be brought into the act at all.

We appreciate—and I am still referring to the testimony this morning—the efforts of the Governor by his Camps executive order, however belated it is, but I should like to point out that less than 2 months ago the legislature in the State of Washington at the personal request of the Governor split vocational rehabilitation away from the education family where it has been a job training agency ever since. Organized labor helped to set it up in 1933. They split it away from vocational education and moved it over to the welfare agencies. Now we need an executive order to put them back together again in this Camps program.

The O'Hara bill cuts out this kind of arbitrary, if not frivolous, administration of manpower agencies and vests the administration and responsibility for manpower in the Secretary of Labor.

As far as the requirement of the State plan that both the Steiger bill and administration bill contemplate, let me cite, Congressman

Meeds, that it has been now almost 2 years since the Vocational Amendments of 1968 went through the Congress and, as you know, we supported that, and one of the main points on which we based our support was the requirement of a State plan for vocational education. Almost 2 years have gone by and still in the State of Washington we do not have one single coordinated comprehensive State plan for vocational education covering both federally financed and State financed education, whether in the common schools or community colleges or the vo-tec institutions. Now, if we have to have a comprehensive State plan before manpower training is effective, it would look to me like at least 3 years and maybe more before we were qualified.

In sum, then, we urge that this select committee do recommend to your parent Committee on Education and Labor endorsement of the O'Hara bill as that bill which truly answers the problems of getting manpower trained, getting them to work so as to utilize their training, and getting undertrained and underemployed manpower a more effective portion of the good things in life.

Finally, we want to comment that section 2 of the O'Hara bill is one of the finest statements of human rights to be published in recent years. It is a statement to which every American citizen can subscribe. Even the most reactionary, antilabor espouser of the so-called "Right to Work" laws must be hard put to refuse to join with trade unions in supporting the philosophy expressed in section 2 in its entirety and especially the declaration in paragraph (b), and I would like to read it:

> (b) It is within the capability of the United States to provide every American who is able and willing to work, full opportunity, within the framework of a free society, to prepare himself for and obtain employment at the highest level of productivity, responsibility, and remuneration within the limits of his abilities.

Thank you again for the opportunity to be heard on this matter of critical and crucial importance.

Mr. MEEDS. Thank you very much, Lou.

I was particularly impressed with one thing which I think you pointed out that no one mentioned this morning and I am sorry I overlooked it in previous questions because I would have liked to have asked other witnesses about it. You say the O'Hara bill makes room for newly trained persons by persons already on their jobs but potentially capable of doing higher level work moving up their career ladders.

Mr. STEWART. Upgrading; that's right.

Mr. MEEDS. I have to agree with you and I want you, if you will, to enlarge on it a little bit. I have to agree with you that retraining and upgrading and upward mobility is a very important part of any good manpower training bill and it seems to me that this may need to be one of the most important aspects of the Manpower Training Act bill, because if we are going to make room at the bottom for those who have no skills, we are going to have to move those who have capabilities of acquiring more higher skills up higher.

Would you like to comment on how you think upward mobility fits into the total picture, Lou?

Mr. STEWART. Well, I could comment, Congressman, both generally and specifically. I don't really know what you want.

Every graphic picture that you see of the makeup of our labor force in these United States shows that the low-skilled and semi-skilled segments of employment decrease year by year by year, and yet this is the precise place where most entry level job training, employment training, is aimed for.

Now, if the low-skilled or semi-skilled occupations require fewer and fewer people, and this is where our training is preparing people to go, then it seems logical that we have to get some of the people out of there. Also, besides the absolute number of jobs, this is the very first place that people are laid off and put out of the labor market long before the engineers you heard about this morning that Boeing was laying off, the ordinary helper classifications in the Boeing plant, and I cite that as just one example and not a whole case.

I don't know if I have answered your question or not.

Mr. MEEDS. Yes, you have.

Mr. STEIGER. You also stressed the necessity of vocational educational training. I'll just give you some statistics that are pretty close to accurate because I don't recall exactly. In 1968 we spent about 2.1 billion dollars in job training programs across the Nation, the Federal Government did. We trained over 1 million people, trained or retrained over 1 million people. Judging on a 75 percent job retention level of those trainees of over 6 months, it would be somewhere around 975,000 people who were trained and who were capable of assimilating routine jobs over these 6 months.

During the same period of time 900,000 young people dropped out of our high schools and, so, with the expenditure of $2.1 billion we were able to extricate probably 900,000 to 975,000 people. During the same period of time the 900,000 people who were dropping out of our high schools, many of these, a good share, in fact, will enter the pool of employability.

Now, what role can vocational education play starting to cut at the source of the problem here rather than in dealing with the manifestation and the ultimate result of the problem?

Mr. STEWART. If I may answer your questions by using an example or two, I shall. It has been demonstrated here in the State of Washington in several places, over in the tricities and just south of Seattle and the common school districts of High Line, Federal Way, and South Central, that vocational educational programs set up to alleviate the dropout program to give students a program to which they can tie, to give the students something that they will find interest in, these kids not only stay in school but, lo and behold, their academic grades pick up. I think here are two very small examples of what vocational education, per se, has done and this could be multiplied by as many districts as there are in the country.

Mr. MEEDS. Thank you, Lou, very much. Again, I appreciate your being here.

Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

I appreciate very much your testimony, Mr. Stewart. What has been the result of the aftermath of the confrontation which took place in Seattle between the blacks and the building trades?

Mr. STEWART. What has been the result?

Mr STEIGER. Yes.

Mr. Stewart. There have been a number of results. One, I think some of the unions which, I believe, candidly had been practicing some discrimination, whether knowingly or not, have now been alerted to the problem and are now more actively engaged in the Operation: Outreach, an AFL–CIO and Department of Labor program which the State Labor Council and the King County Central Labor Council both endorsed 2 years ago last February. The one or two unions who were resisting that operation are now actively participating and, better yet, making it go. That is one result.

Second, there is a court case pending, a court case on whether or not the unions and the employers must change their apprenticeship system to provide for something like the Philadelphia plan, something like a quota system in violation of the Civil Rights Act of 1964. That case is still pending, so I cite the editorial way in which I answered your question. I wouldn't comment further.

Mr. Steiger. You are not editorializing that there is a quota system proposed by the Philadelphia plan, are you?

Mr. Stewart. Oh yes; insofar as I use the word "quota." I have editorialized this because the people who have advocated this Philadelphia plan say it is not a quota system.

Mr. Steiger. That is correct. It isn't.

Mr. Stewart. That's what I keep hearing them say.

Mr. Steiger. Has the Philadelphia plan been proposed in Seattle?

Mr. Stewart. Something similar to it was agreed to between an organization called the Central Area Contractors Association, which, so far as I know, is not made up of contractors, and the city government, not Mayor Uhlman but his predecessor, and the executive officer of King County in which a quota of minority people, black people if you will, have to be employed on capital construction work. There was an attempt. This was not the Philadelphia plan, per se, in that Art Fletcher himself did not come out here, so far as I know, and use the muscle of the Secretary of Labor. However, the same priciple was involved. So, insofar as the same principle was involved, my answer is a modified yes.

Mr. Steiger. Has there been an increase in minority employment in the building trades since this?

Mr. Stewart. I cannot answer that, not that I am trying to evade it, but mostly because your question contains a fact. Your question contains the fact that there needed to be an increase in the building trades. This is not the case, so I cannot answer your question directly.

For example, the Cement Finishers' Union had more than twice its fair proportion of minority people in the union. In other words, it had more than twice the ratio of blacks to the whites found in the population at large and the cement finishers are in the building trades. Now, these are the big groups of building tradesmen. Some of the smaller unions, and I will mention one which I mentioned in my testimony, the Structural Iron Workers, have not had black members or any substantial number of them. They have actively been supporting and working with Operation Outreach in order to get minority people prepared to go to work on a structural iron job.

Let me point out to you that you can't take just any person and put him, say, on the Seattle First National Bank Building on a structural iron job without considerable preparation, so it will take a little while for these two or three unions, and I would say three at the most who have had a very small proportion of black people, a year or so, to make an improvement in that situation.

Mr. STEIGER. In your support for public service employment, does this also include support for public works construction employment as well as opportunities in the health or recreation field?

Mr. STEWART. By all means. By all means. I would support Mayor Wes Uhlman's and Congressman Meeds' observations about the need for the transportation system to be developed and it could be developed here under the O'Hara bill or with the help of the O'Hara bill. This is public works and I support it very much so.

Now, to be sure, we have barely scratched the surface in some of the service-type occupations. We could expand those greatly, but there could also and must also be far more employment in the traditional kinds of crafts.

Mr. STEIGER. Thank you.

Mr. STEWART. I am sorry, Chairman Daniels, that I did not have the opportunity to speak before you. I am very happy that you are here in Seattle and I want to extend President Joe Davis' greetings on behalf of the State Labor Council, AFL–CIO. Thank you for coming.

Mr. DANIELS. Thank you for coming. I'm sorry that I did not hear your testimony. I had to step out for a minute.

Our next witness is Charles A. Johnson, program specialist, Coordinating Council for Occupational Education for the State of Washington.

STATEMENT OF CHARLES A. JOHNSON, PROGRAM SPECIALIST, COORDINATING COUNCIL FOR OCCUPATIONAL EDUCATION FOR THE STATE OF WASHINGTON, ACCOMPANIED BY FRANK H. WIMER, DIRECTOR OF PLANNING AND RESEARCH, COORDINATING COUNCIL FOR OCCUPATIONAL EDUCATION, AND DENNIS E. ROLEY, DIRECTOR, ADMINISTRATIVE SERVICES AND SPECIAL PROGRAMS, COORDINATING COUNCIL FOR OCCUPATIONAL EDUCATION

Mr. JOHNSON. If I may, I would like to state I share the splendid misery of being able to testify before your committee. There are two members here who do not have statements to make, but are available for questioning if you would like to later.

Mr. DANIELS. You may have the witnesses sit alongside you.

Mr. JOHNSON. Mr. Frank H. Wimer, director of planning and research, and Dennis E. Roley, director of administrative services and special programs.

Mr. DANIELS. You have a prepared statement. Do you desire to read your statement or submit it for the record? You are free to proceed in any manner you so desire.

Mr. JOHNSON. I think in the interest of time, Mr. Chairman, that I will speak extemporaneously and follow, however, the general text as prepared.

Mr. Daniels. Without objection, your statement will be inserted in the record at this point.

(The document referred to follows:)

Statement by Charles A. Johnson, Program Specialist, Washington State Coodinating Council for Occupational Education

Honored members of the committee, ladies and gentlemen, my name is Charles A. Johnson and I am privileged to present the viewpoint of the Coordinating Council for Occupational Education for the State of Washington, the agency responsible for our State's programs of vocational education and vocational rehabilitation. I convey special greetings to Congressman Meeds from Mrs. Fred Radke, Chairman of the Coordinating Council, and from Mr. Ernest Kramer, State Director of Vocational Education. Both of them, and their staff members, have put tremendous amounts of personal and professional dedication, of thoughtful consideration, into the areas of interest which bring this Committee here today. All of us are mindful of the overriding concern of the Committee itself which the holding of such a hearing signifies, and are grateful indeed for the opportunity to exchange ideas and viewpoints with you.

We all stand at a crucial crossroads. A dangerous divergence, a separatism is being proposed that deserves our most critical and candid attention. Despite one's best efforts to maintain a strict objectivity, I suppose that the members of the Committee in this, or any other fact-finding mission, tend to wonder what special personal bias might be tending to color the thoughts of persons who appear before you. I am reminded of a phrase that was commonly used with regard to the circumstances in Pre-World War II Europe. In response to a question about personal feelings toward those alliances which were building up during the 1930's, many people tended to answer, "I'm neutral". A frequent rejoinder was, "Yes, I know, but whose side are you neutral on?"

In speaking to you today in the capacity of a Vocational Education Program Specialist for the Coordinating Council for Occupational Education, I do, of course, represent "the establishment". However, it may be germane to additionally mention that I came into my present assignment by way of a background in the private vocational school field, both here in Washington State and prior to that in California. My basic orientation is to the pragmatic, cost-conscious, consumer-directed world of the profit-seeking private sector. The world where only the fit survive. The world where the customer is king and where the business of vocational education has only one possible goal if the student-customer is to be satisfied—a job.

Only in very recent times has this goal come into sharp focus as perhaps the only valid measure of effectiveness with which to gauge vocational education programs in many agencies of the public sector. The Congress is to be complimented for its interest in and recognition of the needs of people as a primary activity and proper mandate to all who undertake people-oriented vocational training responsibilities. It is a real testimonial that Public Law 90–576 almost was unanimously supported, with differences of only a minor nature in resolving final passage. Our Washington State delegation was particularly active in its support of this landmark legislation—a fact for which we can all be justly proud.

Never before in our country's history have the issues which you seek to identify and effectively deal with, been of greater significance nor more urgently deserving of the utmost in thoughtful, considered, intense examination. I sometimes wonder if Rudyard Kipling may have been addressing himself to members of the United States Congress when he penned his famous lines entitled "If", which start, "If you can keep your head when all about you are losing theirs and blaming it on you . . . ." Never before have the cries, "Do something, do something", been louder or more insistent in the land. And it's the "What to do, what to do" response that brings us all here today.

Can I quickly summarize several key points upon which there appears to be general agreement? Perhaps the most critical of these is the cornerstone—what is vocational education. The Advisory Council on Vocational Education provided an answer in the very title of its general report; a report which provided a significant point of beginning in the development of Public Law 90–576. The report was entitled, quote, Vocational Education—The Bridge Between Man and His Work, unquote, and it said in part, and I quote again:

"The centrality of work in the day-to-day lives of people and the ways in which influences the social, civic, cultural, and personal relationships of individuals, must take on new meanings and a new emphasis in the total educational process. An occupation is the most occupying of all human activities. It sets the standard of living, it influences family relationships, and it controls the quantity and quality of civic participation and responsibility. Education looms large as a factor in the solution of the social upheavals of the 1960's, and the ability to perform the work that society is willing to buy is one of the elements related to the social problem."

We submit that there is an incontrovertible relationship that must exist between the specialty field of vocational education and the broader-based undertaking we refer to as general education. The road to separatism is filled with perils. It may well hold out the lure of short-term solutions, but seldom indeed has been found satisfactory for achieving genuine equality for those who become obliged to make a choice, or for whom circumstances force a choice of diverging roads. Separatism sometimes only serves to perpetuate the very inequities we may have hoped to correct.

If anything of value can be singled out as of paramount importance from what's been learned in educational circles or, even more appropriately, by the whole of our society in recent years, it might be hoped that this would be the fallacy of the college syndrome. I will hope that Lowell Burkett, Executive Director of the American Vocational Association, was looking backward in time when he recently observed in remarks to the Subcommittee on Employment, Manpower and Poverty of the Senate's Labor and Public Welfare Committee, that, quote, "There is something terribly wrong with its values when a society stigmatizes its craftsmen; when our educators cannot instill in their students a regard for the dignity of work; when a refrigerator technician, or a plumber, can earn $20,000 a year and yet be considered a second-class citizen, educationally and socially."

Can't we hope that a lessening has and is occurring in the unrealistic status hierarchy, fostered in large measure by a preoccupation with only an academic concept in education which has persisted in an implicaton to all our citizens, and particularly our youth, that only some 15% of those who inhabit the world of work can be considered as first-class citizens?

And, as the basic architects of legislation which will set events in motion that must heavily influence the destinies of these persons for years to come, can the Congress afford to think in terms of creating a *second* educational system, in preference to strengthening the sinews and resources within the existing system; a system with the potential competence for an educational focus which is truly comprehensive.

The legislation currently being considered seems to us to be clearly a step toward greater divergence, removing vocational education and manpower training activities from the mainstream of public education and therefor limiting or entirely removing the primary source we have, uniquely, in our educational system to bring realistic, meaningful education to ALL people, while simultaneously de-emphasizing the artificial status environment that is plaguing the world of occupations.

No one could deny the need for bringing order out of what certainly have become some chaotic conditions related to manpower concerns. Truly comprehensive manpower planning is essential and the legislation currently being considered in the name of comprehensive manpower systems is certainly dealing with an area which demands careful restructuring. However, we feel that nowhere in these present proposals is there the most critical element needed to assure its success—namely, that the responsibility for the educational competence of the manpower program would rest clearly with the program of education. Instead, we see several proposals, each of which appears to further proliferate manpower training activities rather than to reduce such proliferation.

Justifiable criticism of many H.E.W. functions comes from many quarters. Coupled with the criticism there is frequently some specific suggestion for improvement. Of particular significance to the Congress should be the recognition that suggestions and criticisms are coming from within the educational community itself, not alone from its detractors or its outside critics. James Koerner, for example, in his book "Who Controls American Education", was openly critical of many of the O.E.O. research projects undertaken to seek out the improvement at the root level of educational programs. But he applauded the urgent need for more research. He commended the development, for example, by Dr. Zacharias at M.I.T. of the concepts and structure of regional educational laboratories under the 1965 Elementary and Secondary Education Act. Improvement has resulted from research. Charles Jung, Project Director for the Regional Educational Laboratory in Portland, Oregon, was quoted in the March 9th edition of the *National Observer* as saying that the labs might well have paid off, had they been permitted to continue. "The notion", he says, "that when there isn't an immediate product payoff the work ought to be stopped is a very short-range view."

Commenting on the President's proposed National Institute of Education under which Mr. Nixon calls for "a new era of reform and progress for those who teach and those who learn, through educational research", Mr. Jung observed that "It (the National Institute) had better be a lot more than the past kind of demonstration projects that haven't given people the chance to learn the DO-IT side of things; the whole issue of adapting innovations to the local setting. If this problem isn't attacked, it will mean we'll just have another great big shuffling, a lot of chaos, and very little payoff."

Time and again, in the observations of vocational education in light of its relative successes and failures as the alternately infant, child and adolescent member of the educational family, one cannot lose sight of the critical relationship between funding and failure. Only in fairy stories does a kind Godmother appear to provide what finery it took for Cinderella to attend the ball equally outfitted with her more favored sisters. Being a stepchild isn't usually that much fun. Realistic parents know it takes just as much money to make each child equally presentable. Looking at the comparative budgeting, however, whether national, state or local, it appears that for many years those with the responsibilities for funding priorities have had an abiding faith that a fairy Godmother really does exist and that little Cinderella would make out OK in spite of her being left in the ashes by them.

Only as recently as March 17, the Select Labor Sub-Committee heard Andrew Biemiller of the AFL–CIO state, in support of his contention that the Federal government should subsidize jobs in the public service, that, and I quote, "We are under no illusions as to cost. It will not be cheap." unquote. He quoted President George Meany's testimony of May 7, 1968, in part, quote, "Let me deal for a moment with the reactions of those who talk only about the cost. They are the ones who never discuss how costly it is to do nothing." unquote.

Just one further reference—not to labor the point. Donald M. Kendall, President of Pepsi-Co was quoted in the March 30th (current) issue of *U.S. News and World Report*, as the outgoing chairman of the National Alliance of Businessmen as follows: Question, "What is the average cost of training a hard-core individual so he can hold a job?" Answer, "It runs about $2,900 on a countrywide basis." Mr. Kendall later responded to another question about whether this amount could possibly be justified, by supporting figures evidencing the gains from converting "tax eaters" into taxpayers—an immediate saving, he said, of as much as $3,100 per year for the head of a family of four.

Far from a restatement of the age-old cliche that all it takes to cure anything is more money, let me close by reasserting the several points which comprise our principal concerns. Admittedly, money woes must be one of these. The facts are visible to anyone comparing appropriations for higher education and vocational education. But, isn't it true that one tends to put his money where his heart is. And that the disastrous and cruel misalignment of priorities to support a status hierarchy has been a product of our culture, a long time in the building?

It might then appear that at long last many of us are in agreement—labor, industry and the educational communities—that our priorities must be realigned at whatever the cost. We are in agreement that people, not programs, count. We are in agreement that the Statement of Purpose contained in the Vocational Education Act of 1963 as a definition of what vocational education ought to do, simultaneously and completely serves as a definition of what manpower training ought to do; only the persistence of semanticists seems to prevent the terms from achieving complete interchangeability. You know the wording of that statement:

". . . so that persons of all ages in all communities of the State—those in high school, those who have completed or discontinued their formal education and are preparing to enter the labor market, those who have already entered the labor market but need to upgrade their skills or learn new ones, those with special educational handicaps, and those in post-secondary schools—will have ready access to vocational training or retraining which is of high quality, which is realistic in the light of actual or anticipated opportunities for gainful employment, and which is suited to their needs, interests, and ability to benefit from such training."

If such be our agreement, then it now appears the difference is resolved chiefly into the means by which to deliver the services to the ultimate user—the unemployed, the underemployed, the never-employed.

Our contention here today is that the thrust of this currently proposed legislation would establish such activities in a different setting, away from the primary educational activities instead of the alternative of establishing some form of interdepartmental council or coordinating body as a vehicle through which the conceptual objectives of comprehensive manpower legislation could be achieved. In adopting these pending bills, were the Congress to accept the lure of short-term possible gain of administrative orderliness through the super-agency Department of Labor concept, we feel then a long-term loss becomes equally inevitable. You cannot escape the simultaneous statement contained in such action that education is one thing but occupational training is something else; that educators can continue to prepare the favored class for academic pursuits but tradesmen, craftsmen and all the noncollege bound belong in another camp divorced from educational excellence. You would prove that the semanticists had been right all along and, we fear, set back for many more years the hard-won current gains toward real unification through one single educational system for all persons, touching everyone in only varying degrees.

What a price to pay for the ability Mr. Biemiller visualized in summarizing labor's rationale for supporting the O'Hara Bill—the simplistic and attractive statement that, and I quote, "It points the finger at the Secretary of Labor and says 'You're it.' . . . If things go wrong, the Secretary of Labor is responsible and he should shoulder the blame." Such tidiness may indeed be strong impetus for the support lent this bill by the frequently quoted number of one hundred and eleven co-sponsors. But, Mr. Chairman, may I submit with no intent at levity that it also may well have been an extremely tidy baby that slid down the drain with the bath water.

Thank you for this opportunity to express our sincere concern to your eminently concerned Committee.

Mr. JOHNSON. The viewpoint I am presenting is the viewpoint of the Council for Occupational Education for the State of Washington. I would stipulate that that is the agency responsible for our program and for our council statewide.

I would not want the opportunity to pass unnoticed to bring greetings to Congressman Meeds from Mrs. Fred Ratke, chairman of the coordinating council.

In addition, I would like to highlight the fact; the premise upon which this testimony is based is contained in the second paragraph, that we stand at a crucial crossroads. A dangerous divergence, a separatism, is being proposed by the three pieces of legislation that your committee has under consideration.

I would also suggest that I would want to establish my own personal bias in this situation because perhaps I bring to my present office a background that may be somewhat different than that of the establishment. I am at the moment a part of that "extra layer" of State government the mayor referred to this morning, but I reached that through private enterprise. I think perhaps my personal bias is for a real recognition of the need for vocational education to exist.

I think the development of Public Law 90-576, and the statement contained on page 3 of the prepared testimony from the Vocational Education Report from the Advisory Council on Vocational Education, states very clearly the fact that vocational education is becoming more essential and important in the daily lives of people all over the country. We have to take a new look at perhaps how to render service to those individuals.

I think I would want to quote directly from the testimony on page 3.

> We submit that there is an incontrovertible relationship that must exist between the specialty field of vocational education and the broader-based undertaking we refer to as general education. The road to separatism is filled with perils. It may well hold out the lure of short-term solutions, but seldom indeed has been found satisfactory for achieving genuine equality for those who become obliged to make a choice, or for whom circumstances force a choice of diverging roads. Separatism sometimes only serves to perpetuate the very inequities we may have hoped to correct.

The college syndrome is a fallacy. There is a place in the general stream of education for each system and each, then, should be touched by it. Then all we need to relate is the degree to which they are to be touched and the means by which they are to be touched.

We fear the establishment of a second educational system in preference to this strengthening of the existing system because we feel the educational competence that is required in this business of preparing people for the world of work may not be provided in the bills that are before you. We see a divergence from the mainstream of public education with two entities being established rather than one and vocational education being removed from the mainstream. I think testimony was given earlier today expressing the concern of educators for the removal of vocational education in that the approach of vocational education has been emerging in recent years to work itself back down into the K-to-12 system down into the grade school, beginning to approach the problem at its root rather than wait for the problem to develop. I am talking in terms of postsecondary education for the average individual involved in the manpower training, talking to him at a point in his life where he has already left the educational system and we are approaching him with something new. Maybe the fact is the solution lies in keeping the strong emphasis on vocational education as a part of the original education system, and that might, then, approach the root cause of the problem rather than waiting to treat the result of the subsequent problem.

We think much of the criticism of the functions at the present level perhaps as envisioned by HEW. It is very justifiable. I think, however, Congress should recognize a great deal of that criticism is coming out of the educational community itself. We are aware, the educational community is aware, of the shortcomings which exist. James Koerner, whom I quote on page 5, "Who Controls American Education," he, however, did not say, "Do not do research." Here, again, I think that may be one of the laxities that exists in these bills, the lack of educational research to take apart the lack of accountability is one of the key points.

The President's proposal, which I allude to on page 6, in his statement of March 9 he made provision for additional educational research under the establishment of the National Institute for Education, the NIE proposal, which I am sure you are familiar with.

I think, again, that vocational education, if that be on trial, and sometimes it appears as though it is, that we do not want to take what the youngsters today call cop-out and say the reason for this has simply been the lack of funding. On the other hand, I don't think you can ignore the relationship between success and funding.

We relate on page 6 and page 7 to those issues of the lack of funding and the need for funding and we also find there is a great deal of support for this contention that more money is needed. It comes from labor. I quoted Andrew Biemiller on page 6 and I quoted Mr. Kendall, outgoing president of Pepsi-Cola Co. and also outgoing chairman of the National Alliance of Businessmen. He doesn't think that is a lot of money because he backs it up by saying it is a gain of $3,100 per year for the head of a family of four.

I think, perhaps, in an effort to summarize, that I would want to read from the prepared statement on page 8. Our contention here today is that the thrust of this currently proposed legislation would establish such activities in a different setting, away from the primary educational activities instead of the alternative of establishing some form of interdepartmental council or coordinating body as a vehicle through which the conceptual objectives of comprehensive manpower legislation could be achieved. In adopting these pending bills, were the Congress to accept the lure of short-term possible gain of administrative orderliness through the superagency Department of Labor concept, we feel then a long-term loss becomes equally inevitable. You cannot escape the simultaneous statement contained in such action that education is one thing, but occupational training is something else: that educators can continue to prepare the favored class for academic pursuits but tradesmen, craftsmen, and all the noncollege bound belong in another camp divorced from educational excellence. You would prove that the semanticists had been right all along and, we fear, set back for many more years the hard-won current gains toward real unification through one single educational system for all persons, touching everyone in only varying degrees.

Our contention is there is no separation between those two things. They need to be one, nor is there one. If you set up a system whereby the college-bound individual becomes a part of one track and the work-bound individual becomes a part of another track, this is the separatism that we see that is inherently damaging and is really retrogression because we have tried so hard for so long to come away from that point in our thinking. It is simplistic to say, as Mr. Biemiller said in my summary on page 9:

> It points the finger at the Secretary of Labor and says, "You're it." If things go wrong, the Secretary of Labor is responsible and he should shoulder the blame.

I submit that may not be an adequate answer to give to the unfortunate individual who is less well prepared as a result of that entity.

The tidiness, if that be the answer, may be available through these bills. I don't think effectiveness, which should be the answer, is going to be available through them.

That summary is the substance of my statement. You will have the opportunity to read my complete testimony. I would like for you to pass it along to the members of the committee and we are available to you for questioning.

Mr. Daniels. I would like to thank you for a very concise presentation of the issue. I want to assure you that all the members of the subcommittee will look at your statement, study it and give it due consideration.

In examining the three bills before us, have you from any such examination, determined the separation of any of the educational programs?

Mr. **Johnson**. Do we think separation would result from them?

Mr. **Daniels**. Yes.

Mr. **Johnson**. Yes, sir; we do.

Mr. **Daniels**. Would that be involved with all three bills?

Mr. **Johnson**. Yes; to a lesser degree. I think we would feel there is a priority in the three bills, if we were to choose the lesser of the evil the least of the evils and the most least—is that possible—of the three, they would be in that rank of priority. None of them, however, would, we feel, work positively toward the solution.

Mr. **Daniels**. Mr. Meeds, do you have any questions?

Mr. **Meeds**. Thank you, Mr. Chairman.

Charley, thank you for an excellent presentation. Your statement very concisely brings out some of my own fears. May I also say that the question of what more vocational education can do to replace manpower programs or become part of manpower programs or to make manpower programs necessary has not been answered to my satisfaction as a member of Congress. I rather feel that we need to do something rather in two stages. The necessity of manpower programs is here and now and present and critical. Vocational education, as we know it in America today, is not equipped to deal with that problem. What kind of a bill do we enact, if anything, which will bridge that gap between the situation I described and the day which I am sure both of us are looking forward to, as I said earlier, when manpower programs will be largely obviated because education is doing a better job. Do we need manpower legislation that has a phase-in factor which attempts to bring vocational education in as much as possible in both a role of meeting the emergent manpower program and taking over more of the skilled training and coordinating it with job finding in the future, or do we simply do nothing in the manpower field?

Mr. **Johnson**. Certainly I would not want to say we should do nothing. I quote Rudyard Kipling to you as probably being your mentor in this moment in time, "If you keep your head when people all about you are losing theirs and blaming it on you." The impetus to do something, however, our concern is let's try to do it within the framework of what exists, what can be done. I suspect the position we are representing is the bills tend to address themselves to the delivery of service to people to the detraction of the quality of that service. We have the mechanism now to establish the quality of service, that is, within the HEW concept and within the various State's functions, such as the capital here in the State of Washington. Our concern is perhaps they tend to lose contact with the competence that must follow in the creation of a new type of program.

If you are saying in a short-range view what we are saying, then, that we need some kind of a coordinating effort, the proliferation should be reduced and not increased, the proliferation, the entry of so many structured to nonstructured agencies, committees, subcommittees, groups, into the business of manpower training because it seems to have been looked at as a different kind of ball game from the business of vocational education, we feel it is the same ball game and ought to be handled in the same fashion as vocational education. In the long-range view, if that is your question, which way ought to be the long-range view, I think there are several possibilities or areas open to you. I think that the message of the President on the 9th of March with regard to the establishment of new funding sources, new ways of funding higher education, and include in it vocational education, to a large extent it stresses the tremendous values that can be obtained in the handling of manpower training by our colleagues.

I don't know whether my cohorts here have anything additional in that regard.

Mr. **Wimer.** Perhaps rather than Mr. Meeds' feeling that we are in opposition and taking a defensive attitude, what we are concerned with pimarily is not that we oppose this type of legislation, because there are lots of good things in these bills, I want to assure you, but by this type of legislation we separate for the individual the services he needs into two separate streams. This is the concern we would have. We want to be sure the individual has the right and the chance to get an integrated program of education, general education, orientation to work and job equity skills combined so that it is effective for him. We would not want to see a separate system, two parallel systems going on at the same time. This would be our concern.

Mr. **Meeds.** It certainly is my concern. I would say I put it on a parallel with the concern whether we should enact anything at this time other than a coordinated delivery system. I can clearly see the necessity of that. As I said earlier this morning, I have some real reservations about holding out any promises to anyone other than we might make the system more efficient.

Thank you very much, gentlemen.

Mr. **Daniels.** I recognize the gentleman from Wisconsin, Mr. Steiger. Do you have any questions?

Mr. **Steiger.** What is the Washington State Coordinating Council for Occupational Education?

Mr. **Johnson.** It is what its name implies, Mr. Steiger. It is an entity created by the legislature of the State to coordinate the activities of occupational education. At the present time, it consists of two operating divisions, the division of vocational education and the division of vocational rehabilitation. From it stem two additional interlocal agreements that function in such a way the division of vocatonal education is a resource agency for the community college system in the State of Washington, on the one hand, and for the superintendent of public construction's office, on the other. It stands between these two school systems as a service resource agency.

Mr. **Wimer.** I would add it is, in terms of national legislation, a State board for vocational education.

Mr. **Steiger.** Would I be fair in characterizing the present situation insofar as relationships between concentrated employment programs and Youth Corps, Job Corps, MDTA, and yourselves as lacking any real coordination?

Mr. **Johnson.** I would want to say the MDTA programs are functioning under the jurisdiction of the coordinating council.

Mr. **Steiger.** The institution MDTA?

Mr. **Johnson.** Yes, sir.

If I understood the rest of your question to indicate NYC and so forth, those are not at this point in time the jurisdiction you related to——

Mr. Steiger (interrupting). You have very little to do with them, is that fair to say?

Mr. Johnson. Yes; I think that is a fair statement.

Mr. Steiger. If that is the case, then would it not be better to attempt to decategorize the present programs, bring them together to the extent you can and create at either both the State and local level some mechanism for the crossfertilization between your program and those present programs?

Mr. Johnson. Absolutely.

Mr. Steiger. If that is the case, then what specifically would you recommend in terms of adequate provisions to prevent the creation of a dual school system? Are you suggesting by your statement that the language on pages 17 and 18 of the administration bill, or that which is found in section 6, subsection 3, of my bill, won't do the job in terms of requiring the utilization of presently existing vocational institutions?

Mr. Wimer. I would like to speak to the word "utilization." I think this is one of the problems. The term "utilization" is different, if you are talking about the Department of Labor utilizing another agency's facilities or whether you are talking about these agencies cooperating in a delivery system for people; there is a difference.

Mr. Steiger. I understand that, but under both the administration bill and my bill you are not talking about the Department of Labor utilizing, you are talking about the State comprehensive manpower agency and a local prime sponsor under the leadership of the mayor of a certain city, SMSA, which is asking how to serve better the individuals and say, you know, we will contract with you to provide us this service and maybe we will contract with somebody else to provide another kind of service. Is that a wrong concept in terms of how to use the resources and talents of vocational education?

Mr. Wimer. The basic concept, no, if it can be implemented in that manner.

Mr. Steiger. That is what we are intending to implement. Now, my problem is you appear and you tell us we are creating a dual system, you tell us you don't think we really ought to have a Comprehensive Manpower Act because you are afraid we are going to do something to the ongoing vocational educational system. I have listened to you, I want to know why, I want to know what the problem is.

Mr. Wimer. I don't think we have said—excuse me, maybe I am speaking out of turn—I don't think we have said we don't think there needs to be some comprehensive manpower legislation.

Mr. Johnson. There does need to be.

Mr. Wimer. Yes, there does. There are a number of parts of this whole thing which need to be coordinated. One of them is we cannot afford to have 15 Federal agencies proposing separate programs to a community which are unrelated and uncoordinated, all of this. There is a need. What we are saying is the means by which you do that does not necessarily have to be imposed under one agency, but that it can be coordinated through other means. One of the things the Governor's representative mentioned is the CAMPS. This is a mechanism by which there can be coordination of these programs at the State level.

Mr. STEIGER. But you would agree, would you not, that you don't want to keep the present system we are using now in the manpower programs, do you?

Mr. WIMER. The proliferation, I think we would agree with that.

Mr. STEIGER. And you would agree, also, wouldn't you, the present system works against the individual which we all agree is the one whom we owe the most?

Mr. WIMER. Because we cannot get total delivery to the person of all the services we need to that individual when he needs them.

Mr. STEIGER. OK. So there is a wide variety, all of which brings me back to my whole problem of the thrust of your statement because I want to know where we are creating a dual education system, where even in the Meeds-O'Hara bills we have created a dual school system.

Mr. JOHNSON. Well, it seems to me, Congressman Steiger, answering you off the top of my head, historically each time a new central thrust, a new central responsibility of a new agency is given a degree of responsibility for the creation of a manpower training program, that it undertakes its own direction because it then has the key, which is funding, to do the funding that it wishes to do. Historically those things which have been done have not always been in keeping either with the best educational philosophy, nor even necessarily in connection with, in consultation with educators, so that moneys, then, are expended on demonstration projects and the empirical evidence that appears as a result of the project becomes the evidence on which you can hopefully proceed. Now, it seems to me the Department of Labor is the repositor of the key responsibility for the implementation of this, that once again you introduce the opportunity for, and I think, perhaps, the key I would want to say is at that point the bills failure to mandate labor seeking out educational competence from the educational community. You may correct me, it is your bill, but I don't recall there being in the wording of the bill a requirement that it seek out the educational competence.

Mr. STEIGER. I would refer you to section 6. I think that is one of the provisions I tried very clearly to put in just for that reason.

Let me go back to just one other point, Mr. Johnson, for one moment. As I indicated this morning, I am well aware of this feeling, and I hope by my own comments you do not get from me some indication that I attempted to develop a dual school system because clearly I am not. My problem with what you have just told me is that, in fact, labor has them now. There is no change. This is something that has been given to the Department of Labor since we passed the Manpower Development Training Act in 1962. All we have done is to add on a variety of different kinds of programs, all of which have historically been deposited in the Department of Labor. So it isn't as if there were some new grant of authority to the Department of Labor. If anything—because I happen not to agree with the approach in the O'Hara-Meeds bill as the right approach—I must say I am pleased by your last statement. There is a lot in it. That is why I want the States involved, that is why I want to give the real responsibility to the States and the local government. It is not the Secretary of Labor, it is the people who work on the occupation level.

Mr. JOHNSON. I think those are treating effect and not cause. The cause is in the common school system, the real root cause is existent in the failures of the common school system. The labor programs, NYC, whatever programs you want to refer to, are treating effect, they are not treating cause, the effect being the unemployed and unemployable and underemployed individuals as a result of an ineffective common school system. That is what turns them out. Now, we are saying if you apply the major thrust to treating cause and in so doing siphon off away from the existing program of education, general education, if you siphon off vocational education and take it somewhere out away from there and remove educators from their responsibilities—we are not saying that they are free of responsibilities, they have them, and we are not either saying they perform that responsibility effectively, they sure haven't—however, if you attempt to relieve them of that responsibility by creating a new system which says, "O.K., you flake out these people and we will take care of them when we get them." and that seems to us what would occur, then you weaken the attack on the cause of the problem. We are saying vocational education's impetus should be funneled into the existing program of existing education, not taken away.

Mr. STEIGER. I don't disagree with you at all. I think that is the thrust of the Vocational Education Act of 1968, but that is not the obvious answer to the problem of those who are no longer in the school system, some kind of training, including that offered in a vocational institute.

Mr. JOHNSON. Then we would say the existing programs, as we have enumerated them, are remedial kinds of programs to handle that kind of failures that have already occurred. Yet, there they are. There is no way to turn the clock back so you do the best you can to handle them on a remedial basis. But to proliferate those programs, to enlarge them, to make them more encompassing is, also, in our opinion, adding to the problem instead of taking away from it.

Mr. STEIGER. I shall review very closely——

Mr. JOHNSON. Right now, what I would want to say—this is a fast summary, we have not had the opportunity to digest it, but it is a possible alternative as to what is being recommended, maybe Mrs. Green's recommendation which starts in section 6 of H.R. 10908, the creation on a long-range basis of a Department of Education and Manpower. Without having the time to digest it thoroughly, I would not like to recommend to the council we are in support of this. However, they do seem to have in it the essense of what we might want to look at in terms of long-term agreements.

Mr. STEIGER. Thank you, Mr. Johnson.

Thank you, Mr. Chairman.

Mr. DANIELS. Thank you, Mr. Johnson, and your colleagues. I would like to thank you for coming here.

Mr. JOHNSON. Our thanks to you.

Mr. DANIELS. Our last witness is Mr. John A. Murphy, president, Washington Vocational Association.

STATEMENT OF JOHN A. MURPHY, PRESIDENT, WASHINGTON VOCATIONAL ASSOCIATION

Mr. MURPHY. Mr. Chairman, Congressman Meeds, Congressman Steiger.

I will be very brief. I have a very short statement to present. I am sure at the end of it you will not have any questions.

My name is John A. Murphy. I am the State president of the Washington Vocational Association, an affiliate of the American Vocational Association.

It is a privilege for me to appear before you today. I would like to compliment the Members of Congress on their interest in vocational education and the needs of the people with which this activity is primarily concerned. It is a real testimonial that Public Law 576 of the 90th Congress was virtually unanimous in congressional support and that what differences existed were certainly of a minor nature as compared to the concept which that legislation represented. We are most appreciative of the support being given to this important educational area and are particularly proud of the active help that has been given to the program of vocational education by the members of our Washington State congressional delegation. Public Law 576 of the 90th session represents a major milestone in vocational education, and even more sginificantly tends to suggest some important modifications in the total educational thrust in our Nation in the interest that more people can be motivated and served by education.

At the outset, I think it is important to relate briefly what the precise mission of vocational education is. Vocational education consists of that educational endeavor through which one learns to become a competent worker. The goal of vocational education is gainful employment. The terms manpower training and vocational education may be used interchangeably. No manpower program has ever been funded and operated, the education and training components of which could not have been conducted under Public Law 576. Employment is the most occupying of all human activities. It sets the standards of living which influence family relationships and it controls the quantity and quality of civic participation and responsibility. In the social upheavals of the 1960's, education looms as a principal factor in the solution to these problems. A very important relationship must exist between the specialty field of vocational education and education generally. Please permit me to quote from Public Law 576:

> So that persons of all ages in all communities of the State, those in high school, those who have completed or discontinued their formal education and are preparing to enter the labor market, those who have already entered the labor market but need to upgrade their skills or learn new ones, those with special educational handicaps, and those in post-secondary schools will have ready access to vocational training or retraining which is of high quality, which is realistic in the light of actual or anticipated opportunities for gainful employment, and which is suited to their needs, interests, and ability to benefit from such training.

The role that vocational education presently plays and the potential that exists is of great significance. Our educational system must perform adequately in terms of both making a life and making a living. In these critical times, we must place a strong emphasis on practical educational activities and deemphasize the trend in our culture that has been created by a preoccupation of things academic. The goal should be to provide more and better trained people for the manpower needs of our country. The educational program is the one activity that touches everyone in varying degrees. Therefore, it is necessary that the educational program be as strong and realistic as possible. We feel that the responsibility for legislation relating to manpower training should rest with the program of education and the educational competence continued therein. To remove vocational and manpower eduction and training activities from the mainstream of public education would remove the primary source we have in our education program to accomplish its goal. We think of vocational education as applying to all persons for life in the world of work. Vocational education programs provide education and training in more than 500 recognized occupations. It is conducted in public and private secondary institutions, area vocational technical schools, junior and 4-year colleges, and universities. It is conducted in industries through appreticeship and cooperative vocational educational programs.

The Washington Vocational Association feels that as necessary elements for a comprehensive manpower program consideration should be given to the following: (1) That the educational component of the manpower programs be so defined that departments involved in the administration of manpower programs will have a clear understanding of the intent of the legislation; (2) that existing facilities be utilized rather than creating new facilities to meet the community occupation needs; (3) the Washington Vocational Association in convention at Cheney, Wash., in August 1969, went on record by unanimous acclamation resolving to oppose any further proliferation of vocational education; and (4) an ongoing joint vocational education/vocational rehabilitation study committee sponsored by the Washington Vocational Association with membership comprised of education, labor, management, the Grange, and State legislature, in a report completed in January 1970 recommended a critical examination of the unrestricted proliferation of training and rehabilitative services being done by agencies other than the division of vocational education and the division of vocational rehabilitation.

Thank you for the opportunity to appear before your committee, gentlemen.

Mr. DANIELS. Mr. Murphy, I want to thank you for a very fine statement. Other witnesses today have expressed a great fear, and maybe an unwarranted fear, they feel as to the possible disruption of vocational education programs. Can you tell me why?

Mr. MURPHY. It is not a fear. All it is, Mr. Daniels, is a reminder to a congressional delegation in Washington, D.C., which is promoting or promulgating legislation affecting our entire Nation, that we, a distance removed from Washington, D.C., have concerns in this area and we would like the vocational education program strengthened rather than proliferated. It is not a fear, it just a concern.

Mr. DANIELS. Mr. Meeds, do you have any questions?

Mr. MEEDS. Thank you, Mr. Chairman.

Mr. Murphy, in the State of New York about the turn of the century, they had a test which they conducted for feeble-mindedness. The test consisted of the following. The suspect was led into a room which had nothing but a bucket, a spigot from which water was running into the bucket, and a ladle. The suspect was told to empty the bucket. The guard then left the room. If the suspect commenced to ladle out the bucket without turning off the spigot and continued to do so, he was declared feebleminded. If, on the other hand, the suspect reached up and turned off the spigot and then emptied the bucket, he was declard normal.

This is our education system today, that is to say, are we not failing to turn off the spigot and aren't manpower programs such as we are discussing here today going to remain with us always as a major component. Not that there isn't always some, even under the best of circumstances, necessity for a manpower training program, particularly an upgrading. What are we doing to turn off the spigot is my question. Can't vocational education play a much more substantial role in turning off that spigot? How does this bill here mitigate this? I think it is a proven point the Manpower Act has not done the job it has been charged with. Can you name me one educational vocational program in the State of Washington where there is not only a vocational education and training, basic education involved, but also a followthrough to see the student trained gets a job, counseling and guidance with regard to that job? Can you tell me of one program?

Mr. **Murphy**. I think the cooperative program, the DVR and the school programs are these types of programs.

Mr. **Meeds**. Where is this functioning?

Mr. **Murphy**. Tacoma has several schools involved, Edmonds has one. I believe Mount Vernon has one right now, Vancouver.

Mr. **Meeds**. DVR?

Mr. **Murphy**. Yes, working cooperatively with the common schools.

Mr. **Meeds**. And they are doing all of these things?

Mr. **Murphy**. Actually what they are doing is they are taking the potential school dropout at the ninth year and involving him in specific academic and vocational, prevocational programs, then following up after he receives a certificate equivalent to a high school diploma, following that through with specific vocational programs along with prevocational programs he had prior thereto.

Mr. **Meeds**. Then what are they saying about jobs, what are they doing about placing him?

Mr. **Murphy**. The prevocational adviser, who was formerly his schoolteacher, has been removed from the mainstream of education and is now defined as a prevocational adviser, he finds a job in what they call a community lab experience in which the young man or girl works 3 hours a day, usually at no expense because this is a part of their educational program. They may be working at a filling station, the girl may be working as a nurse's aide in a hospital, a waitress, what have you, depending upon what the individual's interests are. This is the key as far as I am concerned. The interest must be, the academical vocational program must be in sympathy with the interests the individual has.

Mr. **Meeds**. So far you have described basic education, a vocational technical education, and cooperative education. What do you do about job placement?

Mr. **Murphy**. You work very cooperatively with the unions in the locality. So far as placing the individuals, we know by prior education, experience and so on that they have aptitudes to go into certain fields.

Mr. **Meeds**. Then you follow that up with further counseling, guidance and check-backs to find out if that person is still on the job maybe 6 months or a year from then?

Mr. MURPHY. Exactly, until such time as it has been proven to us through their initiative, motivation and job experience that they no longer will require the services of a public agency.

Mr. MEEDS. My commendation. That is a very good program. That is the thing we need more of.

Mr. MURPHY. Thank you.

Mr. DANIELS. That is in existence in the State of Washington?

Mr. MURPHY. It has been since the year 1955.

Mr. DANIELS. Is it in cooperation with all the schools throughout the State?

Mr. MURPHY. I am speaking now not from vocational education but more vocational rehabilitation, which is my field. Unfortunately, it would require probably about 10 times the staff we have at the present time to accommodate the needs of the State of Washington if we were to try and implement this in every school that would like to have these services. As a matter of fact, the State department has deliberately avoided becoming involved in the city of Seattle because Seattle alone could occupy our entire staff because there are that many potential dropouts and dropouts we would like to see back in the mainstream.

Mr. DANIELS. Mr. Steiger, do you have any questions?

Mr. STEIGER. Mr. Murphy, what is the relationship between the vocational education division of the State government and your own Washington Vocational Association and the Seattle SOIC?

Mr. MURPHY. First of all, the Washington Vocational Association is a professional association. You are familiar with that, I am sure, as you are with AVA. There is no relationship actually between that and SOIC as such. It may be a few of the employees in SOIC are eligible for membership.

Mr. STEIGER. I really should have asked Mr. Johnson before he got away, but is there a direct relationship between the division of vocational education in the State and SOIC? You can refer that back to Mr. Johnson if you wish.

Mr. MURPHY. From the standpoint of my own division, which is the division of vocational rehabilitation, we work very closely with SOIC. We have a vocational counsel who counsels, guides and assists in job training costs, and so forth, physical restoration, whatever services are necessary to enable that person to reach the end product of employment, which is our goal with every person we are working with.

Mr. STEIGER. So you do have——

Mr. MURPHY. Yes, sir; we do, absolutely. As a matter of fact, I think vocational rehabilitation is probably more involved with other agencies than any other agency in Government really because we deal with all agencies, not only Federal but State, local, and private agencies.

Mr. STEIGER. In your testimony, you don't really refer specifically to these three bills before this subcommittee. Do you support any one of the three? Do you oppose all of them?

Mr. MURPHY. I support the concept of all of them, but I feel we have been derelict in the past in meeting manpower needs. I think in reaching the disadvantaged, the underprivileged, the school dropouts, there is an awful lot that still has to be done. These three bills, I am sure, are aimed at this type of problem that our entire society faces.

Mr. STEIGER. Did you have the opportunity to review Lowell Burkett's statement?

Mr. MURPHY. Yes; I did. In fact, I used it as a guideline.

Mr. STEIGER. Do you share his views in this matter?

Mr. MURPHY. Absolutely.

Mr. DANIELS. Mr. Murphy, on behalf of the committee, I thank you for extending your views to us.

Mr. MURPHY. Thank you, sir.

Mr. DANIELS. I would like to say that today I have found the testimony of all the witnesses most interesting and informative. Thus far our hearing here today, together with the other field hearings and trips that we have conducted, have been most productive. I am very, very happy to have had the opportunity to accept the invitation of my colleague, Mr. Meeds, to come here to Seattle and meet so many well informed and interesting witnesses.

Thank you, gentlemen.

(Whereupon, at 4:25 p.m., the subcommittee adjourned, subject to call of the Chair.)

MANPOWER ACT OF 1969

SATURDAY, APRIL 4, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Los Angeles, Calif.

The subcommittee met at 9:45 a.m., pursuant to recess, in a classroom, California Museum of Science and Industry, Exposition Park, 700 State Drive, Los Angeles, Calif., Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Hawkins, and Scherle.

Staff members present: Daniel H. Krivit, counsel; Martin LaVor, minority legislative coordinator; Loretta Bowen, clerk; and Will Henderson, minority assistant clerk.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

Today we complete a week of hearings and field investigations on the important subject of establishing a national manpower program.

Several bills have been introduced dealing with a revised comprehensive manpower policy. This is a matter for which the Congress has a great concern. It has been a policy of the U.S. Government, under the 1946 Employment Act, to enable any man or woman who desires to work to obtain employment at a fair salary, so that each American may maintain his prestige and dignity as an individual.

We do know that there are many millions of people in this country who are unemployed or are disadvantaged and not given a fair chance nor a fair opportunity to live with dignity and respect.

It is our purpose in conducting these hearings to see what can be done to improve this situation. I know it is a most difficult task, and the legislation before us offers several approaches as to how this may be accomplished.

The purpose of these hearings is to learn at firsthand the opinions and the views of the people. We have traveled across the length and breadth of this land this week to receive testimony so that when we return to Washington we will have a better understanding of the subject matter before us.

Before we proceed with the witnesses this morning, I would like to introduce the Members of Congress who appear with me.

To my immediate right is a Congressman from this State of California, your Representative, Augustus Hawkins, who has worked very diligently on this subcommittee in connection with this legislation.

To my immediate left is Congressman William Scherle of Iowa, who is the ranking minority member of the subcommittee.

I will call upon my distinguished colleague from California, Mr. Hawkins, to introduce our first witness.

Mr. Hawkins.

Mr. HAWKINS. Mr. Chairman, I wish to express my appreciation to the subcommittee for meeting in Los Angeles this weekend. I think it has been an exciting 2 days of hearings, and I appreciate the fact that you and our distinguished colleague from Iowa, Mr. Scherle, have taken the time during this Easter week in order to come out to Los Angeles. We are delighted that you have honored us with your presence.

This first witness is not one that was scheduled to appear before this subcommittee when we left Washington. Last week a report was made by the Southern California Research Council, which has been distributed among us this morning. And the chairman of the group that made this report, which was just released this week, is Dr. Gordon K. Douglass, who is chairman of the department of economics of Pomona College.

Dr. Douglass graduated from Pomona College, had his doctorate at MIT. For 5 years he was chief economist for Sylvania Electronics. He has also taught at Cal Tech.

Without giving any views on this report, which I am sure none of us has had an opportunity to read, it is certainly a report which reflects the views of the academic world, as well as the business executives. And I believe, although I may be wrong, but I believe this is the first instance in which this report will have been given to any official government unit.

So I think that we are extremely honored and privileged to have as the first witness, Dr. Douglass.

Mr. DANIELS. Dr. Douglass, will you please step forward?

We are pleased to have you here.

STATEMENT OF DR. GORDON K. DOUGLASS, CHAIRMAN, DEPARTMENT OF ECONOMICS, POMONA COLLEGE, AND SOUTHERN CALIFORNIA RESEARCH COUNCIL, POMONA COLLEGE, CLAREMONT, CALIF.

Dr. DOUGLASS. Thank you very much, Mr. Chairman, and members of the subcommittee.

Mr. DANIELS. Do you have a prepared statement, Dr. Douglass?

Dr. DOUGLASS. I think the prepared statement that I would like to leave with you is the report that you have in your hands.

And the degree to which you wish to use that for your official statement at the hearing should be left up to you.

Mr. DANIELS. I propose then that the report be filed with the subcommittee, not incorporated in full.

Dr. DOUGLASS. Fine.

Mr. DANIELS. And if you will furnish the subcommittee with about a dozen more of these, so that we can distribute them to the other members of the committee.

Mr. HAWKINS. Mr. Chairman, in addition to that, may I suggest that the conclusions and recommendations, which really only cover two pages of the report, be also included in their entirety in the official record? That would be the pages 4 and 5.

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Mr. **Daniels.** Is there any objection? Without objection, then, it will be so ordered.

(The information referred to follows:)

CONCLUSIONS AND RECOMMENDATIONS

This report of the Southern California Research Council is about poverty amid plenty, today's preeminent paradox of American life. Its preparation commenced almost 2 years ago during the full bloom of national regional prosperity.

Even then, the barren life of poverty was shared by 22 million Americans. Now we are flirting with recession, traditional nemesis of the poor. Two years ago, too, the war on poverty was raging fiercely. Today it flounders, the victim of exaggerated expectations and a rearrangement of national priorities. The poor, in short, are in trouble. And for this reason, so are all Americans, as the following findings-in-brief will show:

Among America's most affluent citizens live some of her poorest. Poverty in southern California abounds, especially among the elderly, the young, the ethnic minorities, the poorly educated, and the physically and emotionally handicapped.

Being poor is much more than lacking money. In many cases—perhaps in most—it is a lack of basic services such as medical care, of unequal educational and social mobility, of barred participation in the political processes of a democracy, and of undermined social status and self-respect. What really should matter to Americans is the cost of poverty to the poor, not its cost to the rest of society.

The problems of poverty are not soluble in the context of our present institutional arrangements. The price of eliminating extreme deprivation is not just billion of dollars, but is changes in entrenched institutional patterns with which the comfortable and the well to do are generally satisfied and in which many of them have vested interests.

The institutions of public assistance demand immediate reform. The present welfare system has failed. Inadequate in coverage and in benefits, perverse in family and work incentives, and preposterously expensive to operate, it fosters the very conditions it should be designed to relieve.

The Nation needs an income maintenance system which makes cash payments to all with identifiable needs, at higher levels and more equitably than now, with built-in voluntary incentives. The current administration proposal called the family security system does not meet these tests. The universal income supplement program of the President's Commission on Income Maintenance program does. The SCRC enthusiastically endorses the latter proposal.

Local labor market institutions also cry out for reform. Disadvantaged workers still face overt discrimination in the marketplace and overt discrimination in hiring and supervisory procedures; still lack adequate information about hidden personal resources, counseling and training services, and employment opportunities; and still face employers with little knowledge of available skills or about how to develop them. Their problems are compounded in southern California by the rapidity of changing economic conditions here and by the skill-orientation of many Southland industries.

The able-bodied poor deserve more help in acquiring skills which are in need, work experience, and positive work attitudes. Federally assisted manpower programs, though enormously helpful to some, have reached meaningfully no more than 1 in 12 of the chronically poor people for whom employment could be an escape route from poverty.

Private sector participation in such programs is rising rapidly but still is regarded by most participating firms as "experimental." On-the-job training projects still tend to involve relatively few disadvantaged individuals compared to the total number of employees in each sponsoring firm.

A few training programs in southern California, for example, Nartrans, a subsidiary of North American Rockwell Corp., stand out as successful experiments.

To stimulate deeper and longer lasting involvement of the private sector in manpower development, SCRC recommends to Government the development on an incentive tax credit system along the lines proposed by the advisory panel on private enterprise to the National Advisory Commission on Civil Disorders.

For the same purpose, SCRC recommends that Government and industry search for additional ways to involve the private sector in manpower development programs. The environment of business decisions must be changed sufficiently to permit further involvement by firms in essentially social programs, unaccompanied by higher competitive risks.

Few skirmishes against poverty can be won through the "services alone" approach of the war on poverty. Jobs—as well as job opportunities through training—must be expanded for the disadvantaged. This requires a national commitment to maximum employment, and a significantly larger role for government at all levels in the placement of marginal workers.

The SCRC endorses the notion that Government should serve as an "employer of last resort." Dedicating the Government to such a role would permit useful community enterprises which only Government can undertake, now neglected, to be operated properly. It represents a strategic halfway house between fruitless dependence upon private labor markets to absorb all the disadvantaged, and exclusive dependence upon public assistance programs to meet their considerable needs.

The prospects for large numbers of new job opportunities for the poor opening up in ghetto areas are limited. The prospects of such opportunities developing in minority-owned and operated industries are even more so. Ghetto autarchy is impossible. Any large-scale increase in minority employment by minority enterprises will have to come through successful competition with white-owned enterprises for markets outside the ghetto, and such competitive success is likely to develop slowly.

"Gilding" the ghetto is self-defeating in the long run. Rather, a longer term strategy of ghetto dispersal is needed. The poor eventually must move from the center of metropolitan areas like Los Angeles outward to suburban communities offering greater opportunity socially and economically.

The key to implementing a ghetto dispersal strategy is housing policy. The SCRC recommends that as significantly larger share of public outlays for low-income housing be earmarked for suburban rather than central city areas.

The awesome problems of poverty cannot be solved without the commitment, both public and private, of greatly increased levels of resources. Current levels of spending to abate poverty are wholly inadequate. Outlays should be more than doubled.

(The complete report referred to appears in the subcommittee files.)

Mr. Daniels. All right Dr. Douglass, you may proceed.

Dr. Douglass. Thank you.

Last Tuesday, as Representative Hawkins indicated, the 17th annual report of the Southern California Research Council was released to the public.

Its subject is: "Poverty in Southern California," and its concern is with righting the rightable wrongs of poverty. A copy of this 100-page report is in your hands.

Congressman Hawkins, on your behalf, has asked me to review the report's findings as they pertain to manpower policies of the Federal Government, and to answer your questions about them.

Thank you very much for inviting me to do this.

Mr. Daniels. Do you want to elaborate upon your report to any extent? It might be well for the record if you would summarize it as briefly as you can.

Dr. Douglass. I will be happy to.

First, let me describe briefly for you what the Southern California Research Council is, so you will be able to put this report into context for yourself.

This is an independent organization of academic economists and business executives which is sponsored jointly by two of the distinguished private liberal arts colleges in Southern California: Pomona College and Occidental College.

It receives its support from approximately 50 large corporations whose headquarters, or major activities, are in the Southern California area, and from the John Randolph and Dora Haynes Foundation.

It was established almost 20 years ago, on the urging of the Committee for Economic Development, as one of several regional research centers that were being set up under their recommendations and report around the country.

This is the 17th report that you have in your hand. The purpose of the Southern California Research Council is to address itself to particular social-economic problems of southern California, make recommendations concerning them, and do what it can to make familiar to yourselves and other public and private agencies these recommendations in the hope that these recommendations may have some influence on public and private policy.

The end of SCRC, of course, is to essentially contribute to the dialog about public and private policy revisions.

The report, as you can see, is approximately 100 pages long. I can only highlight for you its principal themes and recommendations.

The principal theme of the report is simple and disturbing. It is that the poor are in trouble, and so, too, are all Americans therefore.

The second chapter of the report, following the recommendations and conclusions, deals factually with the nature of poverty, both in southern California and in the Nation as a whole. It suggests, for example, that in southern California there are approximately 1,200,000 poor people in the official sense of that word. I am using now Federal Government poverty benchmarks.

And that means that this 1,200,000 people are members of approximately a quarter of a milllion families.

On the average, these families' annual income falls short of the poverty line defined by the Federal Government by approximately $800 per year.

Of these 1,200,000 poor people, approximately 40 percent are children 18 or younger. Approximately 20 percent are senior citizens, 65 or older. So that the majority, one might say, are in the nonproductive age groups.

Of the families headed by parents within the productive age range, the vast majority are headed by a working head. More than 65 percent are so headed.

We know also from our research that the poor families tend to cluster together in southern California. We know that this is particularly true in the district represented by Representative Hawkins and other Congressmen representing the east Los Angeles area.

There are also so-called pockets of poverty around the remainder of the 15 counties comprising southern California.

The main point of these remarks is to suggest that poverty is still very much in evidence. It represents at least 9 percent of the families in southern California. It is heavily concentrated in the young and the old. It is heavily concentrated in the ethnic minorities—those poorly educated, those who are handicapped, and that it is concentrated especially in particular neighborhoods.

Chapter 3 of the report talks some about the economics of poverty and identifies particularly the kind of mass poverty which comes from experiences like the 1930's, where aggregate demand is low. It talks about insular poverty, like Appalachia, where the economic base of the region has disappeared for one reason or another, and the resources formerly employed in that area—in that disappearing economic base—do not wish to move away.

The remedy for the first kind of poverty is essentially the monetary and fiscal policies of the Federal Government. The remedy for the second kind, which is quite different, is either out-migration of the resources, or economic development programs to create a new economic base in the area.

The third kind of poverty is generally what is called case poverty, which derives from a variety of causes—some specific to the individual, some specific to the society itself.

Because of this wide spectrum of causes, case poverty has to be dealt with in a variety of ways. And I take it that your hearings today are concerned primarily with this third kind of poverty, and particularly with the solutions to it, that impact on those who are able to work.

The fourth chapter turns its attention to the welfare program at all levels of government. For those who are unable to earn their way out of poverty, the Nation, SCRC believes, desperately needs an equitable and simple way to transfer income to the poor—we believe all the poor.

Those then who are now approved and now receive assistance—and only half of them receive assistance in amounts which raise them above the poverty line.

Under existing income maintenance programs, assistance is reserved primarily for the aged, the disabled, the blind veterans, and mothers.

It is denied to poor households who have working heads, for the most part.

The adminisration proposal, the family security program introduced last fall in the Congress and recently ordered out of the Ways and Means Committee, would double coverage. But it would still deny coverage to approximately one-third of the poor.

It would compel work and we believe it would improve administrative efficiency relatively little.

The Southern California Research Council prefers more conclusive coverage, higher benefits, voluntary work incentives and lower administrative costs.

The proposal of the present Commission on Income Maintenance Programs, headed by Ben Hineman, meets these tests, we believe, and the SCRC in its report endorses the kind of a proposal that is applicable.

Chapter 5 deals with the particular concerns you have today with jobs and job training. For those able to work, jobs and job training must be provided in larger measure, and more imaginatively than previously.

Federally assisted manpower programs, though enormously helpful to some, have reached meaningfully no more than 1 in 12 of the chronically poor people for whom employment could be an escape route from poverty.

Private sector participation in such programs is still regarded mostly as experimental by the firms engaged in it, and still involve small numbers of on-the-job trainees compared with total employment.

To stimulate further participation in private, on-the-job training programs, SCRC endorses an incentive tax credit system to supplement the contract approach now being administered by the Labor Department.

Ana further changes in the environment of business decisions to permit firms to become more highly involved in essentially social programs, and accompanied by higher competitive risks. Jobs, too, must be expanded. This requires a national commitment to full employment, as your opening remarks implied, Mr. Chairman, and a new role for government as an employer of last resort.

Chapter 6 deals with the problems of creating and helping to create minority capitalism ventures. It endorses programs to stimulate development of minority-owned and managed businesses, but it regards such ventures as a relatively minor source of new job opportunities for the poor in ghetto areas.

In the short run, ghetto autarchy, SCRC believes, is impossible. Any large-scale increase in minority enterprises will have to come through successful competition with white-owned enterprises for markets outside the ghetto. And such competitive success is likely to develop relatively slowly.

Chapter 7 speaks to the question of the trade-offs between what has come to be called gilding the ghetto and dispersing the ghetto. The SCRC is persuaded that the longer term strategy of ghetto dispersal, rather than ghetto gilding, is desirable.

The temptation to gild is very high, but the costs are extremely high, also.

Ghettos affect the whole metropolis, aggravating central city finances, metropolitan transportation problems, and raising housing costs. Costs are high to ghetto residents personally, as well.

In short, programs which concentrate on beautifying a fundamentally ugly structure within the metropolis, we believe, are doomed to failure. Dispersal is better for several reasons. First, because jobs demonstrably are moving to the suburbs, secondly, because most of the sociological and educational evidence suggests that integrated education is better, and because transportation costs could be minimized through dispersal of these concentrations.

Housing costs could be minimized and housing quality could be improved through reordering the priorities, particularly of Federal housing systems.

Housing for poor families in the suburbs, and the implicit assumption in programs to improve central city housing, is creation of large numbers of new units on vacant land in the suburbs.

Finally, chapter 8 asks the question: "Can All This Be Financed?" Current levels of spending to evade poverty, SCRC believes, are totally inadequate. By 1975, based on calculations of the National Planning Association, the costs, nationwide, of financing a true war on poverty should approximate $75 billion, or about 22 percent of anticipated government outlays at all levels.

Can we afford so much? The SCRC thinks we probably can, especially with the help of accelerated progress toward instituting revenue sharing, and perhaps the development of Urban Development Banks, which can serve as an additional source of funding for capital improvements in local and State government, and divert and release funds for program purposes which are now tied up in those programs.

Let me conclude, Mr. Chairman, by making a few comments—not just by describing what the report says, but by trying to relate what some of the recommendations in the report say to the particular legislation which is under consideration by your subcommittee.

The chapters on jobs and job training, chapter 5, speaks in the general way about certain features of the three proposals now under consideration by this subcommittee.

First, SCRC does agree with the premise of all three bills, that there is now improper and there is excessive fragmentation of manpower programs, and that there is considerable need for centralization of the planning and coordination.

Secondly, SCRC endorses the notion of the Federal Government serving as an employer of last resort. This particular recommendation of SCRC is found in the O'Hara bill that is under your consideration.

On the other hand, SCRC endorses the notion that local manpower systems and local leadership of them should be encouraged. And we hazard the guess, on pages 60 and 61 in the report that this goal is probably found most prominently in the administration bill.

Finally, SCRC believes that greater incentive is required to induce private sector participation in on-the-job training. Whether or not this follows the route of an enlargement of the incentives under the existing kinds of contract programs with the Labor Department, or whether it follows the route suggested in our report of an incentive tax credit approach, I think is a debatable issue.

I would regard these two approaches as complements, and not substitutes. But in our experience in developing this report, it is our strong impression, because we are so close to many business firms, that under the present contract systems there are insufficient incentives for firms to make a full commitment to on-the-job training for disadvantaged people.

Until those commitments can be embraced in some way, it is foolhardy to expect—as I think the "War on Poverty" has expected—historically, for the private sector alone to absorb all newly-trained people coming out of federally supported manpower programs.

Thank you very much, Mr. Chairman.

Mr. Daniels. Dr. Douglass, I want to compliment you on a very fine statement. I am quite sure that this report will be of great interest to the members of our committee, as well as the Congress of the United States.

In analyzing the three bills before us, the O'Hara bill, the administration bill, and the bill sponsored by Congressman Steiger, do you support the notion of the Federal Government maintaining its jurisdiction over the subject matter of manpower, or the idead proposed in the administration bill of decentralization—urging the States to create an agency on manpower, subject to certain criteria of the

Federal Government—and vesting complete authority, then, in the State government to deal with its manpower problems?

Dr. DOUGLASS. Mr. Chairman, I received these bills on Thursday afternoon, and have not had time, really, to consider them carefully—nor am I a legislative expert.

So I must plead that I am not very well qualified to speak to some of the administrative questions that you have just raised.

I can read to you, briefly, two paragraphs from a portion of chapter 5 which summarize as best SCRC could its general attitude on this question.

I am reading from the first column on page 61:

> At the moment, it is doubtful whether the Federal Government will allow any community manpower system to work.

May I say, parenthetically, that the previous page spells out in some more detail what we meant by "community manpower systems."

> On the one hand, it has sponsored development of numerous locally based decision-making groups, such as the Community Action Agencies, Concentrated Employment Program agencies, and Model Cities.
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> On the other, it has continued to launch new programs which bypass these agencies. We doubt that the Federal Government can have it both ways. It must decide soon whether the complex of manpower and related programs is to operate as a national system, or whether those programs are to be treated as federally assisted community programs that must be molded by local leadership into community systems. Our vote is for the latter.
>
> If community manpower systems are to evolve as the primary instruments of manpower policy, the uniformity in design of local programs which has been traditional must give way to flexibility. Local initiative in program design must be fostered. Federal agencies must preserve in the system a consultative role, offering their broader perspective and greater knowledge of local experiments freely, but they should abandon their rights of review and approval in all but exceptional cases.
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> The Federal right of veto would have to be held in reserve, of course, to guard against breakdowns or perversions of local planning systems, e.g., when effective minority group participation in the planning process can be assured only by Federal intervention.

Mr. DANIELS. You related in the course of your remarks that there are 1,200,000 people unemployed in southern California——

Dr. DOUGLASS. Not unemployed—I meant 1,200,000 poor people. This includes children and old folks, as well as those within the productive years—whether employed or unemployed.

The criterion is that they are poor.

Mr. DANIELS. The gentleman from California, Mr. Hawkins, do you have any questions?

Mr. HAWKINS. Dr. Douglass, I am sure that there are many questions we could ask, but I would like to try to confine them to a few, if possible.

You spoke of the voluntary work incentive concept, and the family assistance plan. Would you elaborate on why you think that the voluntary incentive is more desirable than the present provision, which is in the proposal, to provide on a compulsory basis some form of employment as a condition of receiving assistance?

Dr. DOUGLASS. Yes. I think that— let me say now that I am expressing a personal view, and indeed, my answer to all of your questions must plead that I dare not speak for SCRC.

I think the two reasons why I would support a voluntary rather than compulsory system are first, a reason based upon my empirical evidence about the effect of various income maintenance programs on work incentives.

The other, I suppose, has to do with some questions about the rights of individuals. This can be placed in constitutional terms if one wishes to.

The first point is the following: It is my understanding from the reading of recent literature that there is mounting evidence, particularly out of Mathematica's experiment in New Jersey, that there are more or less disincentives to work, where within the range of income maintenance that is being experimented with in New Jersey cities than we had originally supposed.

Both the Nixon welfare proposal and the Hineman proposal suggest, for example, relatively low floors on their income maintenance programs.

And both suggest a 50-percent effective tax relief as outside income is earned.

Some of the mathematical experiments have involved such a 50-percent rate and a range of guaranteed floors similar to those two proposals.

Their findings suggest, to my understanding, that there is relatively negligible work disincentive. If a person is qualified to work and has work opportunity, he will choose to work rather than not work—whether or not he is compelled to.

I think the constitutional question is spoken to on page 56 of the report—not in this context, but in the context of the WIN, the work incentive program, already legislated and in effect—complementing the AFDC program.

It says, in effect: "The most significant flaw in the WIN program is the compulsory rather than voluntary nature of participation in the program. The program clearly represents an infringement upon the freedom of welfare recipients. One important liberty sacrificed by the program is the freedom of the recipient to choose his own vocation. Since ultimate control of the WIN enrollee's employability plan and permanent placement in a job rests with a WIN administrative team, the WIN participant's ability to choose his vocation is largely circumscribed, if existent at all.

"Another of the program's infringements of liberty is a requirement that welfare recipients otherwise eligible, but with preschool children, leave their children in day-care centers while participating in WIN training. The right to bring up children clearly includes the right to care for one's children or the right to determine what kind of care they should receive.

"The WIN program, however, forces recipients with children to place them in State-run centers which may or may not be adequately run. The program thus stands in a constitutional shadow by compelling welfare recipients, as a condition of subsistence, to accept the judgment and decisions of Government agencies and caseworkers in place of their own regarding their lives."

Mr. Hawkins. Dr. Douglass, you read two of the paragraphs on page 61, but the third paragraph on that same page says:

"Thus SCRC essentially shares the spirit of the Nixon administration's proposed comprehensive Manpower Training Act."

Would you elaborate on what you mean by the "spirit"? Are you referring to the centralization concept?

Dr. Douglass. Yes.

Mr. Hawkins. When you speak of the spirit?

Dr. Douglass. Yes. That act, I am aware, has many other characteristics.

Mr. Hawkins. In other words, you are not in a sense endorsing in its entirety this particular proposal as compared with, let's say, the O'Hara bill, which does include——

Dr. Douglass. Yes.

Mr. Hawkins (continuing). A comprehensive or public service program which you also endorse, in a sense, on another page.

Dr. Douglass. Quite so. No, we are not endorsing the bill as such.

Mr. Hawkins. Now, you also referred to and made reference this morning to one of the chapters that deals with "Gilding the Ghetto," and indicated some reservation about black capitalism.

Dr. Douglass. This is chapter 7, beginning on page 74, for the record.

Mr. Hawkins. Thank you. There is another practice which is very current at this time for plants to be opened up in ghettos. Lockheed, for example, recently opened a branch in the Imperial Park in South Los Angeles—just a few days ago, this week, I think, in fact.

I think almost the same day that you made the report—that the Aerojet Co. announced a new plan for the Aerojet Co.—the Watts Manufacturing Co.

These are branches of large companies that also have big plants in La Puente and Burbank, and other places.

In terms of this report, how would such practices be treated? Is it more desirable to concentrate on getting these branches located in the ghetto area? Would it be more desirable to persuade these companies to provide employment in their major plants along with housing and other services included?

Does the report address itself to that question, and does it take any position?

Dr. Douglass. It doesn't address itself to that particular question. I might guess how the members of the committee would react to that, though.

I would guess that virtually all of them would endorse multiple plant operations in both suburban and central city for the large manufacturing firms—if this be desirable from a profitmaking point of view.

As you know, virtually all of the industry employers of major corporations which have recently located in the poor neighborhoods have done so under substantial Federal subsidization, either in the form of substantial forgiveness of tax or subsidy in land purchase, or whatever.

Our own guess probably would be that unless these very substantial subsidies from the Federal Government remain available, or perhaps even increased, it is rather unlikely that a substantial employment base can be established in these inner city areas. There are some significant cost disadvantages to locating there.

In the absence of the subsidies, I might even hazard an offhand but indefensible notion that it may well be that there is no combination of incentives that will reverse the suburbanization of the job base in most metropolitan areas of the United States.

You can regard it, and you can create through subsidies, some reverse, but I think the economics of spatial location almost compels firms to locate in the fringe, rather than in the central city area.

Mr. HAWKINS. Then you would not automatically classify these practices of establishing these branch plants as "gilding the ghetto"?

Dr. DOUGLASS. No; I would not.

Mr. HAWKINS. On page 4 of the report, under "Conclusions and Recommendations," you make this statement:

> The problems of poverty are not soluble in the context of our present institutional arrangements.

Would you elaborate on what appears to be a rather comprehensive and profound statement?

Dr. DOUGLASS. Ambiguous statement? Inside the front cover this is elaborated somewhat. If I could refer you to the last paragraph there: "The SCRC is fully aware that the price tag on true reform is high—very high, indeed. It is denominated not only in billions of dollars, but also in the currency of uncertainty which accompanies introduction of any new or unfamiliar institutional pattern.

> Most of us do not want the institutional arrangements with which we are familiar changed, especially if we have vested interests in the status quo. We would prefer, if we could, to avoid these costs. But we cannot avoid them, for the costs of doing nothing are higher still. Existing institutions which perpetuate unequal opportunity and isolate the poor produce inequity, injustice, and finally violence—

and so on.

What we really have in mind, primarily, are the institutions of the existing income maintenance programs, the institutions of existing local job markets, and the institution of existing housing markets.

A VOICE. Mr. Chairman, may we have one of those reports?

Mr. DANIELS. I do not know if we have any extra copies.

Mr. HAWKINS. They may be purchased.

Dr. DOUGLASS. Would you like me to answer her question?

Mr. DANIELS. You may.

Dr. DOUGLASS. These reports are for sale by the Huntley Book Store of the Claremont Colleges. The address is Claremont, Calif., the ZIP code is 91711.

Mr. DANIELS. Thank you.

Mr. HAWKINS. Mr. Chairman, I have other questions, but I don't want to take all the time. Perhaps if we do have time.

Mr. SCHERLE. Well, I would like to yield to my colleague at this time to pursue his line of questioning. I think that they are very timely.

Mr. HAWKINS. Well, I will pursue it at least one or two further questions.

The statement has been made during these hearings that—well, there is apparently general agreement across the country in the consolidation of the programs and the delivery of services on an integrated basis.

There is a great controversy, however, on the question of whether the manpower proposal should contain any job-creating provision.

One of the bills does address itself to this—I think that it is probably true to say that under any one of the three bills, that such activities could be promoted.

But one of the bills directly addresses itself to a public service employment program. Would you care to give us the benefit of the thinking of the group that made this report as to the acceptance, particularly in the private sector, of the program which is going to provide immediate and comprehensive jobs—job development in the public sector among the different public agencies?

Dr. DOUGLASS. I can't answer the question in quite so broad and general a form, but I can answer it in somewhat more specific form by describing to you, in just a moment, the organization of our research committee within the Southern California Research Council that made this recommendation.

At the beginning of the research project, we organized what is called the "Business Executive Research Committee," to whom each of the contributing firms appoints a middle-management business executive.

This committee out of 50 firms is composed of almost that number of management business executives. These tend to be men well along their advancement in the companies, men who increasingly share the social concerns of the public sector.

When we first started this study, I must confess that the house was divided in this committee over the idea of public service employment for remedial job creation purposes.

But by the end of the study, I think it is fair to characterize the group as having almost reached a mind that this recommendation was one of the strong recommendations of the report.

If I may express a very personal sense of this change in attitude, it is a change which comes from working with the material and drawing one's own conclusions from it as much as persuasion from me or someone else.

I also might comment that I see a remarkable change in attitude among this level of management persons within the private sector over the last 2 or 3 years, a change so fundamental that I think the question you have asked might be answered that there certainly will not be as much resistance in the future as there has been in the past to this concept.

Beyond that, I think I can't answer it.

Mr. HAWKINS. I think you have answered it satisfactorily—at least for me.

You have referred to an incentive-type credit system stimulating employment in the private sector. While this is not a new idea, it certainly has not been widely accepted, and it is not my recollection that any of the bills actually relate to this concept.

Would you just elaborate somewhat on that, and how this would operate, and how you think this would achieve some of the objectives; that is, would it, for example, result in the employment of persons who would not otherwise have been employed by providing some tax credit?

(An individual approached the dais from the audience and appropriated a document.)

Mr. HAWKINS. May I ask the gentleman not to keep that. It belongs to one of the members. You may borrow it, but it does belong to one of the members of the committee.

You may look it over, but would you please return it. Thank you.

A VOICE. Thank you.

Mr. HAWKINS. Yes. Thank you.

Whether or not it would actually result, let's say, in providing some tax relief for a company that would have employed this person had he been, let's say, capable anyway—and it is a highly controversial subject, but it is certainly one of the intriguing concepts.

And if it is going to actually achieve the objective, certainly I think many of us, offhand, including myself, who had resistance to it, would consider changing our position in this respect.

But would you elaborate on that?

Dr. DOUGLASS. I might refer you to page 57, where we speak to this specifically.

The first paragraph essentially spells out our view that the advisory panel on private enterprise of the Curran Commission had a very interesting idea when it proposed the notion that "The 'hard-core' unemployed identified and recruited by Federal or local agencies, first would be given 'green cards'; any employer who then hired a green-card holder would be eligible to take a tax credit equal to a share of the wages and fringe benefits paid the employee—75 percent for the first 6 months, 50 percent for the second 6 months, and 25 percent for the second year: unless the employee remained on the job at least 6 months, no credit would be allowed."

We go on to describe the pros and cons of this kind of an idea in the next paragraph or two, where a tax incentive scheme would be, in the advisory panel's language, "relatively simple, automatic and as self-enforcing as a Government program can be.

"Compared with the contract approach, it would undoubtedly bring quicker and more extensive participation by business firms. Employers who have declined to negotiate JOBS contracts because of the Government supervision involved, including a number of large corporations, probably would find the tax concession easier to accept.

"The future success of the JOBS program, moreover, depends to a large degree on the continued vitality of the National Alliance of Businessmen; were its vitality to flag, as so often is the case of voluntary organizations, the continued success of the contract approach would depend upon development of another and surely more costly means of inducing firms to negotiate additional contracts with the Labor Department."

I might say parenthetically that this is very much the response that you meet to these three bills—it's the alternative you proposed.

"Then, too, the tax credit approach, by appearing to subsidize the employer rather than the individual, could avoid the indignities that often accompany direct payments to trainees.

"Finally, it can be shown that the already existing encouragement of investment in plant and equipment, such as the 7-percent investment credit and accelerated depreciation, without a corresponding encour-

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agement to employment and human resource investments, biases the market against the hiring of low-skilled labor and in favor of labor-displacing capital investments."

The final paragraph simply spells out that it would probably be harder to monitor this program, measure its success, and there would certainly need to be some kind of a reporting system built into such legislation which would be either on a voluntary or compulsory basis, but which would require enough information to insure that the funds were being spent effectively.

Mr. HAWKINS. Thank you, Dr. Douglass.

My colleague, Mr. Scherle, has been so patient. I don't want to take up all of his time.

Mr. DANIELS. I recognize the gentleman from Iowa, Mr. Scherle.

Mr. SCHERLE. I appreciate the questions proposed by my colleague, Mr. Hawkins, because they are always excellent and they are always to the point, and they always bring forth a fine opinion of the subject matter.

Dr. Douglass, it is an extreme pleasure to be a member of this committee and to receive your testimony this morning. My compliments to you and your group, particularly for what I think is one of the most impressive statements we have had up to date on manpower training.

Dr. DOUGLASS. Thank you.

Mr. SCHERLE. I note the great amount of research, and I can assure you that this thing will go a long way in our final decision and in compiling the legislation which will be in our manpower bill.

Doctor, you did pose one or two questions in regard to the administration of the family assistance plan.

Would you explain to the committee what you mean by saying that there would be possibility of denying coverage?

Dr. DOUGLASS. Well, this program, as you know, is a replacement, essentially, from an AFDC program. It broadens coverage in the sense that it makes eligible, for the first time, families with fathers that work.

This is a significant broadening of coverage. It still permits income transfers for households headed by working males, as long as their income does fall short of the break-even income in the Commission's schedule.

It denies eligibility, though, yet to childless families and to single households. And these are the groups that compose this third—as referred to in the report.

Mr. SCHERLE. You made the statement, to which I concur wholeheartedly, that a major problem facing this country is that too many people are not able to improve their present status.

Do you have any suggestions how we are to alleviate that situation?

Dr. DOUGLASS. Well, referring again to the administration proposal, as you know, there are certain federally guaranteed floors that are established in that legislation for old age assistance.

I would endorse those, although these are benefits ordinarily to elderly people in the States that do not now have generous benefits.

The various alternatives to the income maintenance program like the Nixon and Hineman proposal would include things like the child allowances, general allowances as you know, in this form of guaranteed income maintenance.

So the Southern California Research Council and Select Committee did look at these, and chose not to endorse any of them, because in virtually all of them they do not distinguish between the rich families and poor families, and we think on efficiency grounds, if we are addressing the question of poverty, this is not the proper solution to poverty.

It's a very costly program, for in a sense, it redistributes income among all income groups, rather than just the poor, which one might identify as the objective of policy revision.

So we tend to regard the kinds of income maintenance programs that are, among academicians, referred to as "negative income" type as probably the better route.

We do think that probably, over time, we should look toward a gradual increase in those programs, and one of the reasons we like the Hineman program is that the floor is $600 higher than in the Nixon proposal.

Mr. SCHERLE. Since it is impossible to assist a child much beyond giving some monetary compensation, because they have not reached their productive years, do you think that it would be advisable to change some of the social security laws as they exist today to provide additional means for people?

We have—in some occupations—mandatory retirement at 65, turning out many good people, who have a lot of experience, to pasture, and spend millions of dollars trying to find ways to put them back to work. It doesn't make sense to me.

And so far as the social security laws are concerned, why they are only allowed to earn a certain amount of money without paying the amount of taxes involved.

Would you be in favor of maybe changing that? Making those regulations just a little bit more readjusted as far as the elderly are concerned?

Dr. DOUGLASS. We didn't address this question at all, and I myself don't know very much about it. I am not really informed to answer that question. I am sorry.

Mr. SCHERLE. This subject has always bothered me, why force people into retirement who really have no business in retirement at that stage of the game, and then turn around and try to find some projects to keep them busy.

Now, I think that this country can benefit from the wisdom and knowledge accumulated by these people with their years of experience, rather than to find some makeshift work and restrict their income—particularly in the years where, through inflation, it is difficult for them to keep up with the cost of living.

Dr. DOUGLASS. Yes.

Mr. SCHERLE. Doctor, I surely subscribe also to your dispersement of the ghettos. The gilding of the ghettos, I think, would be a wrong approach. I would rather see them obliterated entirely. Do you believe that to try to reconstruct an area that really is a ghetto is money wasted?

We should try to clean it up, and do away with it, and establish a decent place for those people to live and work and go to school, rather than let this blight on our society exist, by just trying to paint it over.

Dr. DOUGLASS. If you will permit me to introduce the element of time in responding to that comment, I think it is probably fanciful to suppose that one can divert the lion's share of resources now being used to support remedial education, remedial housing, and other means of improving the neighborhoods of the poor toward alternative spatial investments in the short run.

One cannot establish the idea of dispersal in even a few years. But I would urge that these two programs are really complementary, and what we are suggesting here is a margin, and it makes a good deal of sense to look again at the distribution, particularly of Federal funds for housing development, and direct a larger share, but by no means nearly all of them, toward developing housing alternatives, forcing the poor into suburban areas.

Mr. SCHERLE. Well, this is exactly what I had in mind. You just put it more eloquently.

Rather than spend a great deal of money on a continuity of the ghetto area, we should go on from there as much as the funds are practical and possible to help create a better area.

Doctor, what is your general thinking as far as skill centers are concerned at the present time? Do they provide the means to an end as far as results are concerned, or do we find a perpetuation of locking people into the poverty category, and just paying a great deal of money in administrative costs?

Dr. DOUGLASS. Well, I think one has to distinguish between the services being rendered, which hopefully broaden opportunities, and build human capital in individuals who are receiving benefits, and the administrative costs of procuring those benefits.

My experience with skill centers is relatively limited. My impression is that institutionalized training depends upon the careful coordination of the kind of training programs that are being designed with knowledge of job opportunities as graduates come out of them, and that there have been some significant breakdowns between knowledge of employment opportunities and the design programs, even in Southern California.

I am also inclined to believe that these centers ought to be more than one-stop types of affairs, where counseling, recruitment, training, and placement and followthrough should be coordinated carefully.

But I hesitate and really would prefer not to make comments about specific skill centers, because I know relatively little about them.

Mr. SCHERLE. Well, the reason I make the statement is because I personally have taken a deep interest in what happens to the young people.

I find in many cases it is makeshift employment; it is a place where administrative costs are almost prohibitive, compared to results. There is nothing more criminally negligent than to build the hope of a person and then not provide the means for him to rise above the level of poverty.

We have many programs that have done little or nothing for the poor people. To give an example, we had a program in Iowa that was perhaps close to $20,000 to teach Iowa women how to pick chickens.

Now, this is a little ridiculous, because I know very few woman in Iowa who don't know how to pick a chicken. Furthermore, there is very little future in picking chickens today, since it is all done by machines.

Now, these people were locked in poverty. Picking chickens has no future. But the people who administered the program had a future, because they weren't helping those people at all. And this is not only true in Iowa, but clear across the country.

This is wrong as far as I am concerned. We have the centers to provide the means for perpetuation to the people who administer the program, but care little or nothing about the people who should be benefited by it.

Another thing that concerns me deeply, and you touched on it on page 57 here:

> We don't mind, and neither does the taxpayer mind, appropriating money for programs that will help the people for whom the program is designed, but we are extremely frustrated when we find the following—

It would make it more difficult for the public to know the cost of the program. We can't seem to find where the buck stops. We get shoved from pillar to post because nobody has the answers to what the program is, and how can you judge a program if you don't know the cost or whether the expenditures are made.

What kinds of people get jobs? How long do they retain those jobs? What efforts are made to follow through after you have trained these people? These are of great concern. Why have a program, if you are not going to follow through and find employment for your own people?

And the training being purchased—chicken picking is a good item—and the characteristics of individuals who benefit from the program. This, to me, would create much more despair, and bitter despair, if the young adult who has a firm desire to establish himself in a program and then, in the end, we just shove him outdoors and say, "Go find your own opportunity." I think this is too bad.

Doctor, my compliments to you again for a fine piece of work.

This is a masterpiece, as far as I am concerned. It will be digested completely. Thank you very much.

Mr. DANIELS. On behalf of the committee, I extend you our sincere thanks.

Dr. DOUGLASS. Thank you for inviting me.

Mr. DANIELS. Our next witness will be Mr. Hascal O. Humes, consultant, MDTA programs, Compton, Calif.

You may proceed, Mr. Humes.

STATEMENT OF HASCAL O. HUMES, CONSULTANT, MDTA PROGRAMS, COMPTON, CALIF.

Mr. HUMES. I am Hascal Humes. I am the vice president and general manager of TASK, and I have the job of recruiting and orientation and analysis of job development under the request by Mr. Hawkins' office to make this report to you.

I thought there were several factors which should be brought to mind. One deals with the state of the south central Los Angeles area.

The major factor is in the state of the supposed MDTA or business-sponsored—Government-sponsored programs.

I think the request was that I cite both the ineffectiveness and the effectiveness of some of these programs. I realize that time is short, and I am not going to take nearly the time I would like to.

Other than read from this, if this is in order, I would like the committee to make a cursory review of this particular introduction, and if they have questions, I will be happy to dispose of them.

Mr. DANIELS. The Chair will offer a suggestion. We can incorporate these important documents in the record. They will appear in full, and you may proceed to summarize and give us the highlights of your program. Following your presentation, we will ask you some questions.

(The material referred to follows:)

In the immediate wake of the Watts riots of 1965, the mass media, the industrial giants, and the various governmental agencies showed varying degrees of interest in rectifying the unemployment problem in the then, as now, devastated area of Watts. Then, as now, the South Los Angeles area is that Los Angeles area with by far the highest unemployment rate in the county.

That the recent austere anti-inflation program has had a disastrous effect on the black populace can be seen in the ever-increasing lines at the unemployment insurance windows of the Department of Human Resources.

In the MDTA program, slots are being filled, not jobs. When a trainee is fired from an NAB job, another trainee is quickly inserted and an appalling cycle is continued—the treadmill of futility.

What are the major manpower programs supposedly devised to alleviate the lack of employment for the poor in this area? They are OJT, CEP, NYC, STEP, YTEP, Jobs Now, Jobs 70, MA5, MA4, and NAB.

TASK has determined that in all too many instances OJT, which could be the most meaningful of all the programs if the original intent of the program were followed, has perhaps met the stiffest resistance on an introductory level. It also has had the highest mortality level. Originally set up to provide on-the-job training for unskilled poor people in entry-level jobs, it has demonstrated a consistent inability to give the promised relief.

The potential employers have had great difficulty in accepting the fact that government funds are only to be used to cover training costs. It is not a salary subsidy. Far too few employers have been able to show itemized training costs to the Department of Labor monitors.

In many instances the subcontracting agency has been a bit too eager to effect a contract with an employer, with the result that such errors of judgment include the following:

1. Greatly limited training periods.
2. Persistently minimal salaries.
3. Little or no actual assurance of job permanence after training.
4. No salary increase after training period.
5. Little or no supervision on actual job.
6. Very few new skills taught.

Periodically, the job slots are filled by relatives of the interviewer, so that the persons for whom the jobs were intended never hear of them.

The Federal government must increase its role as an employer of the disadvantaged. The truculence of private industry to provide job progression beyond the beginning level is constant and deplorable. Methods must be found to change this attitude of industry. Until then, the various governmental agencies must immediately take up the slack. Moreover, the overall existing practice of overseeing and monitoring those companies who have accepted government funds must be heightened.

The black business concept cannot even remotely begin to solve the uemployment problem of the disadvantaged. Those businesses often need people in a sales capacity. There are no reimbursement programs for those employers who hire commissioned workers. A few of the businesses which cannot utilize training because of their selling nature would include:

1. Journalistic publications.
2. Auto sales.

3. Travel agencies.
4. Office equipment sales.
5. Clothing apparel stores.

There are some job sources which have not even remotely tapped. For example, the relatively new program at the University of Iowa by which "assistants to physicians" are being trained to perform actual surgery without the guidance or presence of a physician. Why can't this type of training be initiated and set up in the veterinary profession?

There are too many training slots for gas station attendants and not nearly enough for automobile mechanic trainees—specifically, automobile mechanics in the foreign car field. In this field, tools used are based upon the metric system; therefore, the foreign car mechanic is a different breed of cat from a domestic mechanic. Minorities are becoming more aware of the feasibility of buying small foreign cars as opposed to second-hand American cars. There is at this time no known certified black auto mechanic in the Watts area.

In the paramedical professions (X-ray technicians, lab technicians, medical technologists, therapeutic technicians, dental assistants and technicians), there are far too few contacts made with small private clinics to determine the need for these positions.

There is still a persistent and pervasive reluctance to hire perspective employees with police records. The percentage of the disadvantaged job seeker is well above 50 percent. For the employer to self-righteously say or advertise that he is an "equal opportunity employer" is to say nothing unless that employer will hire a black or brown with a police record. The figures which definitely describe the cost of incarceration as compared to the cost of unemployment are disparate enough to make every employer who has an employee problem literally beat at the doors of the parole boards and penal institutions. That is, of course, if we are to assume that the object of confinement is to rehabilitate as well as to punish. These correctional institutions would be better serving the job market if they would include one or two additional items in their budgets—namely, funds for equipment and machinery which could be used to train the inmates for future employment. This would, to a small degree, silence the cry of the employer who says, "Even at the entry level, my employees need more training."

It is, moreover, the opinion of TASK that a new institution must arise from the plethora of existing and, for the most part, failing MDTA programs. Industry and government must innovate producer and consumer cooperatives in indigenous mid-city areas. The transportation problem alone, should an applicant be able to secure a job on paper, prevents the accepted applicant from retaining the proper trainee job. The obvious difficulty of assimilating the ghetto resident into the mores of the habitually employed must be solved by the employers.

There is little evidence that employers with MDTA contracts are working imaginatively with the unions to solve the problem of unemployment as it affects minorities. There has been an increasing unawareness of union structure, the legal status of the unions, and most of all the meaning of the apprentice program as opposed to an on-the-training program.

Too often a persuasive job is not done by an NAB job developer in attempting to open up training spots for a specific skill.

The unions indicate that they are concerned about the pay and fringe benefits for all workers, because all workers are potential union members. The unions insist and rightly so, that the beginning wages offered by an employer of NAB or Jobs Now or Jobs 70 are not at all commensurate with the beginning wages of a union apprentice.

One must liken CEP to a union hiring hall, except that the employer must take whom the union sends. This is not so with the well-trained person that CEP sends to the employer.

The employers have the big meetings and indicate that pledges have been made, but in many instances the pledge is not kept in the interim time from that of th original pledge to that exact time when the applicant is sent from CEP.

In summation, pledges are not being honored and hiring practices are retrogressing to the extent that the would-be trainee is now so dispirited that one can see him on the street corners of Watts in ever-increasing numbers, not even trying anyone.

If the corporate giants really believed that the various on-the-job training programs could be considered economic boons rather than their contributed portion toward social justice, I am sure that the NAB type of MDTA programs would be far more successful than they are now proving to be.

It must then be the task of all concerned, in the absence of any other alleviation of unemployment for the disadvantaged, to find a method to convince the same corporate giants that it *is* financially possible to train, and to retain after training, these erstwhile trainees from the ranks of the disadvantaged.

Mr. HUMES. Some of the things I found, both living in the Watts area—and I am sure the Watts area needs no definition to the committee—I initiate my report by stating unequivocally that Watts was distinguished in 1965, in a very real sense just as it is now, by having the highest unemployment rate in the country.

And I expect, since the county of Los Angeles is one of the major counties populationwise in the Nation, that it would rank highest among the unemployment ratios in the country.

I would also submit that the austere, anti-inflation program has had a disastrous effect upon the black populace, and we see an ever-increasing line at the unemployment windows in the Department of Human Resources.

My particular interest in this is perhaps with the MDTA programs. Our agency has found that there is perhaps a particular truculence on the part of the business grants, the industrial giants, especially in this area, to go really wholehearted in the training programs.

Such constant omittances or exclusions as I have listed here in training periods have vastly limited the salaries, which are persistently minimal. There is little or no actual assurance of job permanence after training.

In many cases there is no salary increase after the training period. The supervision that was requested at the time of the contract, making this a 1 to 4, or a 1 to 5, or a 1 to 6 ratio as a supervisory person teaching or advising trainees, is practically nonexistent.

And then, in the last instance, very few new skills are being taught.

Without naming the companies to which I am prepared to answer in the report, which I have in the portfolio, an example is one major company in this area which had been using the "bull" for its job purposes. The company proceeded to enter into the NAB program, which is the National Alliance of Businessmen, by retiring the "bull"—the tractor—the lifting device—the mechanizing device—and using people to pick up heavy metal.

I would submit this is not a training program, because the old method of picking and bending is something that most people are used to for a number of years.

Digressing slightly from that, I find that the same industrial giants whom I referred to, are not being exposed. They do too much screening.

For example, the concentrated employment program which is set up extensively to both show and envision for the Department of Human Resources of this State, ways of placing minorities onto actual payrolls, does quite a bit of screening—extensive screening, plus recruitment, plus job development; and when a request comes from an industry, for example, that is involved in the NABS program, the supposition by me, and by others in the concentrated employment program, is that it just isn't a hiring hall.

A request has come down for 10 people who have been sufficiently motivated by the concentrated employed program, and who have no physical difficulties or other difficulties, except they are waiting and filled with anxiety to go to work.

In other instances, they are basically ready to go to work. Instead of submitting them to the training program, whatever that might mean at the particular day, these people would further screen and eliminate so that only one out of four—that is, of the requested 10—are hired. I submit that unless there is some real reason for cause for rejection, they should have to be accepted.

Not so with the concentrated programs. Therefore, and the people are sent back, and some activity process continues.

Some of the many reasons given are: Criminal records, records of job inconsistency, records of job absenteeism—all of this sort of thing—they are, in fact, getting your job.

Of course, in many instances, the person sent by welfare workers—and welfare workers where more than the one generation is represented by the person sent—the ridiculousness of this type of overscreening is such, in my opinion, and in the opinion of TASK, that it obviates the original purpose of the very terms that we are talking about in concentrated employment terms.

If, in fact, the herculean task of motivating these people who have been found, who have been herded, who have been constantly herded with the futility—if, in fact, the motivation has been affected by NYC or a K–J, or an MA–4 program, sufficiently to get them to the doors, then I would like to suggest—if I could digress for just a little bit—I might suggest that this is no mean task in itself.

For example, in the area of Watts, there is a transportation problem that perhaps is unique to this area. There is one bus system, privately owned, but services Watts as such. The minimal fare for this particular bus system is 37 cents. I think no transfers are honored by the city of Los Angeles in effecting a way out of the ghetto.

That is, the buses there do not cooperate beyond this ghetto.

So that in asking a person to come to work, for example, in Burbank or Long Beach or Pomona or wherever else these tax-lessened areas are that these companies place their prime factories, the job itself becomes almost herculean to even reach the destination of the prospective employer.

So I would submit that the further screening which I mentioned before is a task that may make this a conversion.

Perhaps Los Angeles, as most of you know, is the largest city in area. Watts, for example, is located at the southeast end of that city. It is not at all ridiculous to assume that a person getting up at 5 o'clock in the morning, taking one of the private agency buses that I mentioned, making a second transfer at some time in the morning, would then perhaps reach work at 7:30—if he were lucky, and if he made all the connections.

This, I would submit then, would produce a 12-hour day for a minimally waged job in a training position, where once having reached the training level, and once having been accepted by the employer, or the industry, the constant inclusion of all the pressures that would come to bear on this particular individual, or individuals, would be such that discouragement would be obvious, quickly: $1.80, I think, is the minimal daily cost for transportation from a point in Watts to Burbank, for example.

I answer, when we talk about concentrated employment rolls, we are talking about persons who really are at the bare bottom of employment. In most cases they have had no employment for a number of years, and in so many cases the point reaches a number of months, so that they have no money.

They are asked then to report daily for at least 2 weeks before there is a paycheck coming. The company supposedly will include, if the contract includes it, a certain paramedical or actual medical bits of assistance.

But I would submit that these first-aid stations that are in the companies are little more than just that that they can be. Oftentimes there is a registered nurse on duty, but not a physician to examine the medical and dental needs of these particular people with any acuity.

So that it is safe to assume that 45 percent of these people have actual illnesses which make it almost incredulous or would seem to make it almost incredulous that they were able to get to work in the first place.

Once having gotten there, their strong personal motivation would do away with the myth that those on welfare don't want to work anyway.

I will mention, just briefly, the idea of the black business concept. And on this particular matter, and a few other things, I agree totally with the speaker who preceded me. It is a good idea. However, the flaws in this concept as being an alleviator of the needs for minority persons, whether they are in the Chicano area of East Los Angeles or the black area of Watts, or in a mixed area of Hawthorne, there aren't enough independent strengths in the many minority businesses that are now cropping up to make any definite penetration, any definite relief as far as jobs are concerned.

So many of the black businesses are sales types of situations, and the contracts call for, if you wish, a positive job. That is, where there is a commission, the Department of Labor is more than reluctant to enter into a contract with such an organization.

This would include journalistic publications, Bible sales, travel agencies, office equipment sales, clothing apparel sales, cosmetic sales—all those where the bulk of the income must be on a commission basis.

And these, for the most part, are rejected by the Department of Labor or the agency that the Department of Labor has designated as the prime contractor.

I would submit, too, that there are far too many unskilled jobs being offered, and too much emphasis being placed on the sort of semiskilled position. I think all of us know too well that the gas station attendant is not a mechanic. But once the person has gone past the matters of courtesy to the driver, into the station and upon the wiping of the windows and the insertion of gas, and perhaps the putting of the can of oil, inflating of tires, that there is little technical know-how that need be learned.

I have noted, for example, one of our largest sellers of petroleum products has been most favored, if you wish, in this manner by having a gas station attendant contract, I would like to see far more, and for the most part, they are nonexistent for auto mechanic positions at a training level open.

And then, too, since the minority groups are finally realizing that small cars are practical, and this is an entirely new thing, that foreign car mechanics be trained. TASK knows of no black auto mechanic in the entire Watts area. We know of no similar situation in adjacent areas.

For those who are fortunate enough to purchase a foreign car, when that car breaks down, they have to go extremely far out of the areas with most of the things.

They have to go well beyond the boundaries of the particular residential area to receive primary care for the vehicles.

I am aware, too, that the bureau of apprenticeships, training, and standards, has great difficulties, mostly with the unions, in effecting training in the training spots in the apprentices that have been open for a number of years.

But I would also submit again that the job developer of the particular agency investigating apprenticeships and the possibility of placing a person there is not selling himself strongly enough. He is not selling the prospective trainees strongly enough. There is a paucity of automobile mechanics.

In fact, there is a paucity of farmers, electricians, carpenters, what have you.

It would seem to me that if some lines could be broken, some arrangements could be made between the unions and industry to actually effect a meaningful training program. Later on, the stopgap, nonskilled jobs that produce little in the form of continuity or for that matter, of job performance could be eliminated.

We have in our particular area, too, a giant hospital building. It is a block from my residence and a block from my office. This is the Martin Luther King Hospital. This itself is a type of travesty, because the hospital is expected to be finished in 1970, and the projection for 1971 is that the paramedical professions and the paramedical spots that must be there for any good hospital operation by any standards of the boards and internal medicine, pediatrics, or technology, or what have you, and by my own investigation won't be there or at least will not be filled at all to the capacity that will be necessary to carry on this hospital.

Nor will there be the X-ray technicians, the blood chemists, the analysis experts—merely those who would use the hemolysis—effectively using a centrifuge. None of this training is going on today in any great degree.

Once again, I would like to indicate that I am not hurling any caustic comments to any group or what not. But the fact is that unless there is a 400-percent increase in the training facilities for this particular hospital, it will not be staffed with the people from the Watts area.

This was the original purpose. It was supposed to give relief to perhaps some 1,000 plus jobs. We just don't see it.

I have mentioned that there is a persistent and pervasive reluctance to hire persons with police records. I have mentioned the truculence, and in order to be other than nonaltruistic in getting trainees into the jobs, and preserving the records.

I have mentioned the hiring hall here that should be maintained and is not.

I would feel also that the representations made by the representatives of labor and the Chamber of Commerce, are vastly reduced, once the actual time of taking on the trainees if considered. If I remember correctly, some 3 years ago, or two and a half years ago, when NAB was first proposed by the Federal Government, there was a strong tendency to perhaps overestimate the number of persons that would be included in the training program.

I would submit to this honorary group that under the present administration, the almost total ignoring of these original commitments is such that most trainees felt—who once being advised by some employees who no longer wanted to go to Burbank or Pomona or to Long Beach—discouraged to even possibly enter that program.

In slight summation, I would include the fact that having made visual and visible presentations at the Department of Human Resources, at unemployment windows, and the welfare windows, the hue and cry is not so much for the check for the welfare worker, but, "Where can I get jobs?"

And, once again, the job development part of any poverty agency should be the strongest, because I would submit that of the three major factors that perhaps keep people in poverty—lack of jobs, lack of education, and lack of housing, the job still has to rank among the foremost. There are far too many agencies for our own area that have job development, but it is the least important and the least apt, and the least funded.

It seems to me that in some instances the idea is to perpetuate the same onerous activity that the giants are doing—to keep the book on such programs too long, and on K-J programs too long, to keep them actually in step too long, rather than develop jobs and place them out into greater industry.

We would suggest that until the underlying work that must be done to alleviate the transportation problem, whether it be busing—which makes one think in terms of education, but I am not talking about that now—I would have a lot to say about the human values, but I think our task this morning must be jobs and must be manpower problems.

But until the good moguls of our areas can realize that transportation alone is a major problem, that the malnutrition with which a person must emerge from his house, would produce the fatigue that makes the supervisor, or the immediate foreman on job, feel he had a slacker.

All these factors are major factors, and in this whole panorama of jobs they must in some way be eliminated before we can fulfill the hope that was given to these people immediately following the Watts riots. We haven't lived up to it.

Mr. DANIELS. Thank you, Mr. Humes.

Mr. Humes, what would you suggest as an improvement in some of these manpower programs? Do you think that there should be greater stress placed upon counseling and guidance, and also on the development of new programs for which there will be a job at the other end of the training period? I would like to get your views as I am sure you must have some experience in this regard.

Mr. HUMES. Yes, I've had that kind of experience with a large agency here that worked with the Urban League. On may own I have also been employed by one of the aircraft giants in the Seattle area as assistant personnel manager.

So my talk to you this morning is not based on what I have heard second hand, it is a firsthand exposure.

I don't feel for the one part—this is an answer to the first part of your question—what we need at this point is too many new programs. If the tenets of some of the old programs would be adhered to more or less religiously, that is, if in fact trainees on OJT programs, for example, were given a meaningful time to learn a new task—meaningful task—with continuity along the way, then there would certainly be no need to replace OJT.

If, for example, at the end of assuming work habits, planting trees, or picking up trash, or what have you, on a concentrated employment program, if once the necessary habits of getting to work, realizing the responsibility of the job, the handling of the family budget that come from receiving a pay check, if once these things have been realized, then this person could be placed in an elementary job in industry, or in the Federal Government, or the city, or the county government, then certainly there would be no need to replace any of the programs.

But I know firsthand that in too many instances there have been persons on a set program which paid $2 an hour—$2.50, years ago—they are still on the same set program, and they are still being paid the same $2.

And I will submit that this is reprehensible at first blush. Everyone knows that the cost of living has increased, and perhaps the families of these persons have increased—and everything has increased as far as the expenses of this person who made the $2 an hour.

And he went into it even then knowing that it was too little for the job of securing his standards.

Mr. SCHERLE. Will the chairman yield for a moment for a question?

Mr. DANIELS. Yes.

Mr. SCHERLE. Mr. Humes, I was interested in your remarks. Hasn't this program been evaluated to see whether or not that same individual or that same job pays $2.50 an hour?

Mr. HUMES. I didn't mention, if you wish, sir, $2.50 an hour. The pay is set by the employers, $2 an hour.

Now then, so far as I know, within the confines of the Kennedy-Javits bill, there is no room for progression, despite the amount of time the person remains in the concentrated employment program.

Now, am I addressing myself to your question?

Mr. SHERLE. I was wondering if this has been the habit of the program since its inception—that some changes should have been made along the line, and not wait until suddenly we come around to discuss these things. Where are the people who evaluate this program?

Where are the people who see what is right or wrong in this program? Do they just go on drawing their high salary, and caring little or nothing about who is being trained?

This has been my argument through all these programs.

Mr. HUMES. OK. There is no need for me here to indicate that there are certainly some persons who are completely insincere as administrators of the poverty programs.

However, I don't think that this is the major factor that prevents active and meaningful job development, and it would be remiss for me to say that no insincerity goes on and, you know $200 suits are being worn by the administrators.

Mr. SCHERLE. If the gentleman will yield, that was not necessarily my full intent. However, this situation does exist, and we are faced with them every day.

The problem is: Why haven't changes been made since this point of criticism does arise at this time?

Mr. HUMES. I would answer that by saying this: In the NYC program, the mandates come down from the head of the Neighborhood Youth Corps on a national level—that the original $1.60 which was proposed as the minimum amount for a kid working both in school—or rather out of school program, has now been reduced so as to include something just below the minimal acceptable wage.

That is in documents that come to my view and to my knowledge—that there is a push on now to pay $1.25 an hour to a person who was paid $1.60 an hour.

So in the light of this, if I might, this might be the reason, and I certainly can't answer that—why the administrators have not asked for an adjustment from $2 to $2.25 an hour.

Mr. SCHERLE. Where do these documents come from that you had reference to just a moment ago?

Mr. HUMES. From the hierarchal level—on top.

Mr. SCHERLE. Well, when the NYC was originally developed, it was not the intent of the drafters to say, "Once you enter this program you are supposed to remain in it for the rest of your life."

This is the program devised and defined to help those people either on a temporary basis, hopefully, through summer employment—to try to motivate them for employment, and give them some type of employment so that they can go on to bigger and better things. Isn't that correct?

Mr. HUMES. I couldn't but agree with you, obviously, with the placement and the semantic term of "youth," they couldn't expect to be in this program for the rest of their lives.

On the other hand, for the continuity and progression—or for the continuity of going from one job to another job, a step up, then, I would submit to this body that a reduction from $1.60 certainly would do more than just dissuade them from staying in this particular program—but would send them back to the streets from whence they came.

Mr. SCHERLE. Are these new rates from the region or from the Federal Government?

Mr. HUMES. From the Federal Government, I would submit, because certainly no regional administrator would be able to make rates.

Mr. SCHERLE. In other words, since the inception of this program, the hourly rates have been reduced—they haven't even been kept stable?

Mr. HUMES. That's right.

Mr. SCHERLE. And this directive comes from the Federal Government?

Mr. HUMES. That's right, from the Federal Government.

Mr. SCHERLE. Could you submit the document to this committee—to me and this committee—that states the original fee be reduced?

Mr. HUMES. Yes, I certainly will do that.

Mr. DANIELS. Mr. Scherle, I will be glad to provide the Department of Labor's directive on NYC–2 program changes for the record.

Mr. SCHERLE. Fine.

(The document referred to follows:)

STANDARDS FOR NYC–2

I. PURPOSE

This directive provides standards and instructions for NYC–2 programs. The program will be put into effect in areas designated by the Regional Manpower Administrator. Current instructions for NYC–1 programs are applicable to NYC–2, except as they are altered by this directive.

II. OBJECTIVE

Each NYC–2 project is expected to have strong education, skill training, work experience and supportive services components. The education components must not be compromised to provide funds for strengthening other components. If funds are limited, project goals will be narrowed by training in fewer occupations, offering fewer supportive services, and reducing or eliminating cultural development activities. Enrollees need education, a saleable skill and placement after completion of training. Projects must be designed to meet these basic requirements.

III. REGIONAL MANPOWER ADMINISTRATOR

A. *Contracting officer*

The RMA will serve as contracting officer for all NYC–2 projects.

B. *Prior approval of project director*

The RMA shall approve the project director prior to his employment by the sponsor.

IV. ANNUAL PROJECTION OF GOALS

In conjunction with the CAMPS program, the sponsor shall prepare annually an estimate of goals.

V. LOCATION

NYC–2 programs are designed primarily for Standard Metropolitan Statistical Areas (SMSA) and growth areas, where, in the opinion of the Regional Manpower Administrator, economic conditions and area resources provide opportunities for job placement or further training for disadvantaged youth.

VI. PROJECT SIZE

The project size shall be consonant with the number of post NYC opportunities for placement in jobs, schools, or further training that are available in the community.

VII. ELIGIBLE PERSONS

A. *Basic criteria for enrollment*

1. *Disadvantaged.*—Before enrollment each applicant must meet the "disadvantaged" criteria.

2. *Age.*—Only persons 16 and 17 years of age may be enrolled.

3. *Employment Status.*—At the time of enrollment the applicant must be unemployed, employed in a job that consistently averages 20 hours a week or less, or in a dead end job substantially below the level of skill his qualifications could bring in the job market following NYC training.

4. *School Record.*—Enrollment of qualified applicants may be delayed until the sponsor can obtain the applicant's school record and/or an appraisal of the applicant, including his potential to return to school.

B. *Other considerations*

1. Enrollee Potential.—Those applicants shall be enrolled who are believed to be in greatest need of education, skill training, and work experience, and

who are believed to be able to qualify for one of the occupations or educational programs in which vocational preparation is being given.

2. Special Cases.— (*a*) Continuation or night school: Youths attending continuation or night school less than 20 hours per week, and who are otherwise eligible, may be enrolled in an NYC-2 project.

(*b*) New employment after enrollment: New employment in itself does not make an enrollee ineligible. Reference to the poverty level applies only at the time of initial enrollment. Employed enrollees may have reduced schedules with proportionately reduced weekly payments, if such reduced enrollment time will adequately serve the enrollee's employability plan and the purposes of the NYC project. If the new employment interferes with the enrollee's performance on the project, it will be justification for termination of the enrollment.

3. Restrictions.—(*a*) Qualified for employment or advanced training: Applicants who are already qualified for referral to suitable employment shall not be enrolled. Applicants who qualify for available advanced training in other manpower programs shall not be enrolled.

(*b*) Primarily interested in income: Candidates who the evidence indicates are interested in or need only an immediate wage job, rather than a training program shall not be enrolled.

VIII. PERIODS OF ENROLLMENT

No person shall remain enrolled past his nineteenth birthday or the second anniversary of his enrollment in NYC-2, whichever comes first, except persons enrolled between their 17th and 18th birthdays may remain for a maximum period of two years.

Terminations

1. *Maladjustment.*—No enrollee shall be terminated for maladjustment until after the counselor has made at least three attempts to modify or satisfactorily adjust his training plan or his attitude toward the project.

2. *Employment.*—An enrollee who takes employment before the end of his training plan shall be terminated if the employment is equivalent to completion of the plan.

3. *Completion of employability plan.*—An enrollee shall be terminated when satisfactorily placed in a job, educational institution or another training program.

4. *Termination date.*—Termination is official separation from formal participation in the project. The termination becomes official when the termination form, MA 102 is prepared.

5. *Termination restrictions.*—Before an enrollee is terminated the sponsor must be certain that all requirements of the Additional General Provisions, Clause A-34—Termination of Trainees or Enrollees, have been met.

IX. WAGES, HOURS, AND LEAVE

A. *Wages*

1. *Enrollee compensation.*—Compensation shall consist of work experience wages or incentive payments or a combination of both. Compensation is based upon a full time schedule of 40 hours per week, or a less than full time schedule with incentive payments prorated. No enrollee shall be scheduled for less than 10 hours of total participation time per week. In no case shall compensation for hours spent in work experience exceed the maximum payment.

Compensation for a full time enrollee shall be ¾ of the basic MDTA allowance for the current quarter in the State where the project is located. Enrollees scheduled for less than full time participation shall receive a prorated amount. In a State where the project has a ¾ MDTA basic rate of less than $26, the rate shall be $26, not the lesser amount.

Enrollees shall be paid the legal Federal, State or local minimum wage, or the prevailing wage for comparable work whichever is highest, for all time spent in work experience.

2. *Computation.*—(*a*) Regular payments: An enrollee shall be paid the maximum rate if all scheduled work experience time has been utilized and there are no absences from participating services. If all the scheduled work experience time has not been utilized the time lost from work experience is subtracted prorata from the time scheduled for this activity. Time lost from scheduled non-work experience participation is deducted prorata from the time scheduled for this activity.

(*b*) Less than full-time enrollment: Prorata payments shall be made to persons scheduled for less than full-time participation. Example: An enrollee scheduled for 20 hours total participation (8 hours work experience and 12 hours non-work experience) shall receive $13, if the State's maximum NYC–2 compensation is $26. Work experience will be $1.45 × 8=$11.60, the remainder ($1.40), will be credited to other participation time.

(*c*) Compensation for work experience is equal to the hours worked times the applicable rate of pay.

Compensation for non-work experience participation is equal to the hours in the project, other than work experience, times the hourly rate of pay for non-work experience participation.

The hourly rate for non-work experience participation is computed by dividing the total compensation for non-work experience participation by the weekly total time spent in non-work experience participation.

Total weekly compensation is the total of the compensation for work experience and the compensation for non-work experience participation.

(*d*) Work training in industry and co-operative components: Enrollees scheduled to participate in WTI or Co-op programs may not receive project funds for project participation for any week in which the enrollee is scheduled to work for a designated for-profit employer. NYC–2 enrollees referred to WTI or Co-op programs will receive no wages or other participation funds from NYC–2 during such weeks.

B. *Hours*

1. *Full and part time enrollment.*—Unless specified otherwise in the enrollee's employability plan, the enrollee will be a full-time enrollee. A full-time enrollee will be scheduled for 40 hours of participation, including any scheduled work experience each week. Enrollees, who because of outside employment or special conditions are unable to enroll full-time, may be permitted to enroll on a part-time basis.

2. *Hours for participation in work experience.*—Hours scheduled for work experience will be arranged for the mutual convenience of the employer and the enrollee, so long as: the total number of hours spent in work experience does not exceed ⅓ of his total participation time in the program; the hours scheduled in any one week do not exceed the number required to bring his earnings up to the total weekly payments as established.

3. *Hours for participation in other activities.*—Hours for participation in activities other than work experience would comprise the difference between the total participation rate and the number of scheduled work experience hours during the week. Less than full-time enrollees will have their hours of participation stated in their employability plan.

4. *Absences.*—Absences may be excused for good cause. Unexcused absences will result in prorata loss of enrollee compensation. Continued absences shall be cause for termination. (See termination requirements, Section VIII, B, 5.)

5. *Compensation for hours of transportation.*—(*a*) A maximum of two hours per 8 hour day is allowed for transporting enrollees between a central pickup location to a district worksite. In such cases, time spent in transit shall be considered work time in computing enrollee wages and maximum hours of work allowed, provided however that total transportation times does not exceed 25 percent of total work experience time.

(*b*) If sponsors choose to develop projects where more than two hours of travel time is required each day, enrollees shall be compensated for all travel time. However, compensation for travel in excess of two hours each day shall be paid by the sponsor and from funds outside the project budget. (i.e. such compensation cannot be made from Federal funds to the project budget or from funds that make up the sponsor's non-Federal matching contribution).

(*c*) Exception to (a) & (b) above, compensation for travel time in excess of two hours per day may be granted by the Regional Manpower Administrator as an allowable cost to the project budget in areas where it is common practice to travel more than two hours per day to and from worksites or schoolsites.

(d) Total participation time, including transportation time, may not exceed 40 hours per week. The rate of compensation to and from work experience worksites and central pickup points shall be the wage established for work experience. The time spent between other participation sites and a central pickup point will be treated as hours of participation.

C. *Leave*

Schedules for sick and annual leave and holidays must be reasonable and in conformity with local practices. Accumulated leave shall be used to cover periods of absence, but no payments for accumulated leave may be made to terminated enrollees. The purpose of leave accumulations is to stabilize compensation.

X. ENROLLEE FILE

The enrollee file consists of two folders. The first folder, which is open to inspection by the enrollee, contains enrollee-provided information, attendance and production records, schedules, training plan, and similar materials. The second folder will contain test records, counseling records, assessments, health records and other materials which require interpretation by a trained person. This record should be considered confidential and maintained in a separate file.

XI. ENROLLEE GOALS

A. *First priority—School*

1. *Return to secondary school.*—When a trainee willingly could make a fruitful transition back to high school, the project shall give first priority to helping him make that transition.

2. *Post-secondary education.*—If a trainee does not return to high school but has the potential and desire for eventual admission to a community college or post-secondary trade school, such a goal shall be the enrollee's first priority.

B. *Second priority—Skill training and job*

In the case of those trainees for whom formal education is not appropriate, the project shall help them achieve the General Education Development certificate (GED) or provide remedial education to the degree feasible. The project also shall attempt to help said trainee to either (1) achieve apprenticeship or (2) learn a specific salable skill or trade through pratcical training that has recognized status among potential hirers, and to be hired in such a skill or trade.

C. *Third priority—Job only*

If neither of the above sets of goals is found appropriate for an individual, the project shall comprehensively prepare him for, and place him in, the best unskilled of semi-skilled entry job of which he is capable.

XII. PATTERNS OF TRAINING

Each project shall organize its training activities into three general patterns—Education, Skill Training and Work Experience.

A. *Education.*—Education is basic to an enrollee's preparation for employment. If an enrollee is not expected to return to school an education program shall be developed for him that will provide the most suitable education to a person of his capabilities. This program may range from simple remedial education to preparation for a General Education Development certificate. The education schedule has priority over all other project activities.

B. *Skill training.*—To compete succussfully for unsubsidized employment the enrollee needs to have a useful skill. Each enrollee shall be trained for the highest skill of which he is capable consonant with the resources of the area. Preparation for apprenticeship or a license to practice a trade shall be given preference over practical training for a salable skill, when possible.

C. *Work experience.*—Enrollees who are not able to benefit from more advanced skill training will be trained to meet the requirements for a semi-skilled or unskilled job. Those who are expected to be trained for semi-skilled or unskilled work will be trained in the use of basic tools, general requirements for entry occupations, and special training for their employment objectives. Each enrollee must have some work experience in his training plan.

XIII. ENROLLEE PLANS

A. *Training outline and schedule.*—Each enrollee shall have a Training Outline and Schedule. The project training outline for the planned patterns of training (education, skill training and work experience) will be modified to meet the enrollee's special needs, and a timetable for completing each segment of the training will be included. This training outline and schedule will be in conformity with the enrollee's training plan.

B. *Training plan (employability plan).*—Each enrollee shall assist the counselor in preparing his Training Plan. This training plan will outline the enrollee's qualifications, needs, objectives and how the objectives will be attained.

XIV. MODIFICATION FOR SCHOOL

A. *Return to school, in-school place available.*—Enrollees who return to school full time shall be enrolled as quickly as possible in the In-School program and terminated from the Out-of-School program. Out-of-Schcool sponsors shall establish linkages with In-School sponsors to insure enrollment of Out-of-School NYC enrollees as soon as possible. Applicants from Out-of-School programs should be given first priority for In-School openings.

B. *Return to school, no in-school place available.*—If the trainee desires to return to school and no In-School places are available, then the NYC-2 sponsor should make provisions for the enrollee to pursue his education full time in continuation or night school or part time in regular high school. In the event an arrangement is made, the enrollee's attendance shall be considered as the education component of his training plan.

XV. PROVISION OF SERVICES

A. *Role of sponsor.*—Responsibility for all aspects of NYC training and services for enrollees lies with the sponsor, including the formulation and management of each enrollee's employability plan, although parts of its operations may be delegated to other agencies. The sponsor shall give the project director authority sufficient to operate the program, within the context of the agreement. However, the sponsor shall not duplicate services available in the community unless it can demonstrate that it can provide the services with quality and economy greater than other presumed or existent suppliers.

B. *Delegation of responsibility*

1. *The employment service.*—The sponsor shall give priority to manpower services available through the Employment Service. Form 32, Summary of ES services, will describe the services to be furnished by the ES, the locations at which services will be available, and the schedules of such services.

2. *Alternative services.*—To the extent necessary, the sponsor may negotiate for manpower services from other suppliers if the ES cannot provide the quantity and quality of services needed.

XVI. RECRUITMENT

Each project's recruitment efforts shall be targeted to attract those candidates whose characteristics and needs are most appropriate for what that particular project does best.

The project shall try to reach and enroll dropouts soon after they drop out of full-time attendance in regular school.

XVII. ASSESSMENT

Within two weeks of enrollment each enrollee shall be interviewed by a counselor to assess the enrollee's (1) potential for academic and skill learning, (2) vocational interests, (3) personality, (4) environmental factors that may affect performance, and (5) academic achievement. At least every three months the enrollee shall be reassessed to determine what educational and other progress has been made.

XVIII. ORIENTATION

The purpose of orientation is to introduce the program to the enrollee giving him a clear idea of how it works to serve him. During the orientation period the enrollee should get basic information about program components and operational information, such as hours of work, non-discrimination rquirements, when and how he gets paid, and what is expected of him. Orientation should be conducted in groups and be arranged in a manner that will help the enrollee feel at ease. Orientation must be completed within two weeks of enrollment.

XIX. EDUCATIONAL PROGRAMS

A. *Goals*

1. Return of enrollee to regular school attendance.
2. Secure a General Education Development certificate.

3. Become enrolled in a community college or technical school.
4. Qualify for apprenticeship program.
5. Qualify for license of skilled occupation.
6. Acquire basic academic skills necessary to hold a job.
7. Increase the enrollee's employability.

B. *Methods*

An acceptable learning atmosphere for enrollees shall be provided. Schedules shall be arranged to the maximum benefit of the enrollee. Classes need not be limited to conventional day time hours. Enrollees shall be encouraged to study on their own initiative outside of class hours and to use education equipment and training materials. Instructors shall be chosen with regard to their ability to inspire enrollees in addition to their professional qualifications.

1. *Approach.*—NYC–2 training shall utilize the enrollee's initiative and unique learning style, shall focus on active performance rather than passive reception, and shall be organized to elicit a flow of frequent recognizable successes.

2. *Priority in use of resources*—

(*a*) Free education services from the public school system.

(*b*) Paid education services from the school system, community colleges, trade schools, business firms, or other community agencies.

(*c*) Educational services from the sponsor. (The sponsor may provide educational services as a first priority if they are superior to those obtainable elsewhere.)

XX. SKILL TRAINING PROGRAM

A. *Purpose.*—Each sponsor shall arrange for skill training sufficient to help each trainee achieve one or more of the following goals: (a) diploma from a vocational school, (b) recognized, job-useful certificate for completion of a skill course, (c) license in a trade, (d) the ability to operate a particular machine or process, (e) the ability to perform a particular kind of skilled job, and (f) basic tool skills and confidence that will make it easier to learn other or more advanced skills later.

Skill training should be relevant to the enrollee's training plan. Such skill training may commence under NYC–2 and be continued under another program. WTI is encouraged, as are CO–OP arrangements in which the project may help a trainee obtain full-time or part-time employment, continuous or cyclical, as a terminal phase designed to provide work experience, orientation to the world of work, skill training, and an entree to a permanent job.

Training shall not be given in occupations or under conditions unacceptable to other manpower programs. Any appropriate and recognized training techniques may be used, including classroom, workshop, laboratory, and simulated production. Generally, skill training will be scheduled for the latter part of the enrollment period.

B. *Sources.*—Contracts for services shall give consideration to the relative quality of the service to be supplied. Priority for obtaining skill training services is as follows:

1. Public vocational schools, commercial colleges, commercial trade schools, community colleges, or other agencies.

2. Business firms that currently operate skill training programs for their own employees. Private firms may subcontract to operate a skill training component, provide services or furnish training sites.

3. Sponsor-provided training.

XXI. WORK EXPERIENCE PROGRAM

Work experience is that part of the project which is a productive work situation as distinguished from formal training. All enrollees must have some work experience, but no enrollee shall be in the work experience component for more than one-third of his total time in the project.

A. *Work experience.*—Work experience should:

1. Provide opportunities which may lead to other more advanced steps
2. Provide for possible future employment at the worksite
3. Provide a means of rounding out an enrollee's preparation for work
4. Provide the enrollee with an understanding of the disciplines of working

B. *Supervision.*—The sponsor shall have control of the assignment of enrollees to individual supervisors. Sponsors shall provide supervisors with orientation in the supervision of enrollees.

XXII. SUPPORTIVE SERVICES

A. *Health services.*—The purpose of health services is to bring the health of each enrollee up to that of the average citizen. Appropriate time shall be scheduled for the performance of health services. Time spent in health services shall be charged to administrative leave.

1. Examinations.—Medical, dental, ophthalmic and hearing examinations shall be provided. Medical care and other related services should be obtained from other sources such as Neighborhood Health Centers, when available.

2. Medical reports.—Full reports of all medical services furnished enrollees through the project (with or without cost to the project) shall be maintained in the enrollee's file.

B. *Counseling.*—Counseling shall be provided to each enrollee and shall deal with the enrollee's problems with emphasis on the future rather than the past.

C. *Transportation.*—Standard criteria for transportation in NYC–1 will apply, except that the project also may reimburse for necessary enrollee transportation costs between home and worksite or pickup point in excess of $5 per week.

D. *Day care.*—When lack of day-care services for pre-school children of enrollees impedes participation in the project, the project may arrange to pay for day care services or to provide day care services.

E. *Financial training.*—Each project may offer training in consumer education and money management.

XXIII. PLACEMENT AND FOLLOW-UP

A. *Placement.*—The sponsor shall take appropriate action to assure that enrollees have access to opportunities for employment, higher education, scholarships, more advanced training and apprenticeship. Upon completion of NYC–2 training the sponsor is expected to provide each enrollee with appropriate placement in work, education or training. Full use of the Employment Services is expected.

B. *Follow-Up.*—The sponsor shall contact each terminated enrollee at appropriate intervals for a period not to exceed two years. Appropriate services shall be offered the terminated enrollee to the degree such services can be provided without additional cost to the project.

XXIV. LINKAGES

A. *Manpower programs.*—Arrangements for exchange of information and services, including referral of NYC enrollees to other programs, must be established between NYC–2 sponsors and the sponsors of other manpower programs (MDTA, OJT, NC, JOBS, PSCP, CEP and Job Corps are examples). The CAMPS organization may be used in the development of these linkages.

B. *Institutions of higher education.*—Arrangements for education and training of enrollees shall be made with available institutions offering technical training and academic training above the secondary school level.

C. *Potential hirers.*—Each project shall establish linkages with two or more major potential hirers in the community, at least two of which shall be for-profit firms, for the purpose of cooperative efforts in the training and placement of enrollees. These linkages shall be in addition to any CO–OP or WTI sub-agreements. Letters of intent to hire shall be obtained from for-profit employers as far as possible in advance of enrollee termination.

XXV. STAFFING

Staff development.—Staff development should include but not be limited to:

1. Staff training.
2. Travel to other manpower projects to learn their methods.
3. Travel to regional office technical conferences.
4. Special efforts in recruitment of top personnel.

Mr. DANIELS. Mr. Humes, how can we improve the administrative procedures of insuring an enrollee in the program a job upon the conclusion of his training period? What would you recommend?

Mr. HUMES. I would ask that—and the word "altruistic" comes here—as a director that the on-the-job training and the Urban League, some years ago, my push then was, "Mr. Employer, it's economically feasible for you to train this person who hasn't had a job. For the one thing, you are going to have a nonjob hopper. You are going to have a simply loyal employee. You are going to get someone who has no other methodology as far as working is concerned; that is, you are the original taker of this person. And you can mold him in your own way, if you wish"—to borrow a phrase from one of the old hymns, this person can be molded in the way that the employer wants him to be.

So it is economically feasible to accept the training once we do away with the idea that the personnel department or the industrial relations department of the particular employer feels that he is being altruistic about doing his social bit in accepting five or six, seven, eight, nine trainees for whatever period it is.

Then we will go a long way toward solving some of the immediate manpower problems.

I would stress a great emphasis be placed on the primary negotiations between manufacturing—or between president in the industrial relations department—and in turn his personnel relations department, and whoever is assigned to work actually with the source of sending a trainee to his particular company so that they might be assimilated into that company.

Mr. DANIELS. Well, are there any specific recommendations that you would like to make with regard to the administrative procedures?

Mr. HUMES. Right. Without holding, for example, the Lockheed Co. up as a point of public execution, let's just assume that the Lockheed Co. is one of the companies that is not holding forth to its contract in toto by any one of the various methods that I have listed here.

No contract should be entered into unless the pledge given is adhered to. The monitoring that is done now is minimal. The monitoring should be constant, and should be in a far greater interim period than it is now; that is, let's say that it has been every 3 weeks—it should now be every week to see that the particular employee is adhering to the contract or to the subcontract.

Mr. DANIELS. Thank you.

I recognize the gentleman from California, Mr. Hawkins. Do you have any questions?

Mr. HAWKINS. Well, Mr. Humes, first I would like to congratulate you on what I think is a very, very excellent statement and presentation, and also to thank you for your appearance before the committee.

I have several questions, but I will try to cover the questions in one.

Directing yourself to a statement that you made concerning the training facilities for the Martin Luther King Hospital, you indicated, I believe, that here is an instance where jobs will be available, and nothing, or very little is being done at the present time to train, particularly those who are disadvantaged, or those who live in the area, for the jobs that will be made available in a facility of this kind.

Now, just where does the fault lie? Is it in policy, administration, lack of coordination, or the rules and regulations governing these programs? Well, just who is responsible for this situation that obviously does exist?

Mr. HUMES. I would say this, Congressman Hawkins, that the word "lie" is a very harsh word, but it would have to be an accurate word in this instance. And I would say the administrators of certain programs are lying to the administrators of the county, for example, when and if, and I would suppose that such a premise has been made, that a certain number of paramedical persons will be ready, having been trained or who are now being trained, which I will submit is is not factual.

And that to maintain the present program, this type of prevarication continues as far as expectancy is concerned. In fact, a parallel may be well drawn here as with the National Alliance of Businessmen. The reason we don't see—which is in partial answer to your question a moment ago, Congressman—when we see that slots are filled, that "X" trainee and "Y" trainee have been knocked out of their particular training spot that has been filled by another person.

In so many instances the same thing is occurring as far as the Martin Luther King Hospital is concerned. Where a person has fallen by the wayside, there is no noting to show that this person was dropped at 6 weeks or he fell out of the program at 11 weeks, as far as being an X-ray technician or a hydrotherapy technician or a blood chemist, or what have you.

But that same person is then brought into the program, and it's at the same level as the person that has been out of the program was brought in some 12 weeks ago.

For example, from Orange County, which is one of our least poor counties in the entire State of California, from Orange County comes a proposal recently to initiate a dental assistant and medical assistant program within this particular area.

I am told, and I have seen the documentation that went to, for example, Equitable Insurance Co., and then it was supposed to stop over at the Ford Foundation in Detroit to possibly get funding for the program.

And I would submit that if this least important of paramedical professions—that is, the medical assistant who is partly a clerk and partly a keeper of records—and I am not at all demeaning this spot—I'm merely saying that if, in fact, at this date there is an effort to effect a school for this on the supposed premise that the other assistants will be, you know, filled for the opening of the Martin Luther King Hospital, then surely these positions that are of a far greater technical nature as far as the work is concerned, are definitely in trouble and definitely absent.

Mr. Hawkins. Mr. Humes, would it be true to say that the board which administers this hospital, and which presumably has on it persons from the community—that is, community involvement through the board—is somewhat faulty in not programing any programs in such a way that the commitment that this is going to be, in a sense, a community hospital, and not just another county hospital, such as the one we now have, that they are somewhat at fault?

Mr. Humes. I would say that if I said that someone was at fault, I would be overly——

Mr. Hawkins. I was trying to find out how you would say it.

Mr. Humes. Yes. Well, I would say that it has been deplorable.

Mr. Hawkins. Well, there are many other questions I would like to ask, but the time is limited.

Again, I want to thank you for your cooperation.

Mr. Daniels. Thank you.

I recognize the gentleman from Iowa.

Mr. SCHERLE. Mr. Humes, we visited a project yesterday that is funded partially—at about $2 million— for training personnel for the Martin Luther King Hospital.

Now, is this part of the direction that you were telling us that is not being fulfilled?

Mr. HUMES. That would have to be part of the direction. I would submit that if this committee had investigators that could look into the actual, you know, navel of the curriculum—of those who have said "We are training," using the present participle, find out where they are, what the staff is that is doing the training, and you will find a possible misrepresentation.

Mr. SCHERLE. Well, if this is true in this field, then perhaps maybe some of the other things we were told, are just as much of a fabrication, as far as the results of the training is concerned.

We were told specifically yesterday by people who are in charge of the project that personnel were being trained for Martin Luther King Hospital.

Now, I hesitate to use the choice of words that you did, but in this case, I have to agree with you—that is, if it is not true, it is a big lie, and it's unfortunate that this promise has been made by these project administrators in this situation, and it has not been fulfilled.

Mr. Humes, if I may continue for just a few more—first of all, you were very critical in paragraph 5 of the first page of your statement, of the OJT. You say, first of all, that it has met the stiffest resistance on an introductory level, and it also had the highest mortality level.

"* * * it has demonstrated a consistent inability to give the promised relief."

Now, under those circumstances, that's almost enough of a criterion for me to say "Scrap the program."

Mr. HUMES. I would agree with you, but I think your question was, Mr. Congressman—well, no—what I read into your question was that if the entire tenets and structure of the original program were adhered to, would it then be necessary to scrap the program? My answer would be no.

Mr. SCHERLE. Where is the failure then? That it is not being administered the way it was written? Is this the fault of the originator or is it once again the fault of the Administrator? It certainly can't be the fault of Congress, because when we write the law, we write a law in broad terms.

Mr. HUMES. I have eliminated the fault of Congress and the culpability of Congress in this particular question.

What I am saying is if what Congress has written were followed, you know, involved in this particular program——

Mr. SCHERLE. Who is not following the design of the law?

Mr. HUMES. For the most part, NAB—those involved in the National Alliance of Businessmen.

And for the second part, the administrators of the particular programs.

Mr. SCHERLE. This goes back to what I have said time and time again.

To continue along a line similar to that one, is it possible that when we have men in CEP, or women in OJT or CEP, that through their enthusiasm that they may oversell a trainee to the extent that maybe the employer was not getting what was promised to him, and he becomes a little sour on the project?

Mr. Humes. If I were to actually convince a guy from any skid row that despite his alcoholic record, despite his attendance record on the job or despite his criminal record, he would be given a square shot at the job, then I could very well get a substantial number to come along to a job situation.

Now, I would say, though, that perhaps this is one of the exclusions that I made in this particular report, that there is a major gap between the image of the person in the industrial relations department and what is actually being presented.

That is, if the person—this is just 10 months ago—most of the people then who would likely get to the industrial relations office—or persons who literally had no other source to turn to, than a CEP or a K-J program, as such, didn't in fact represent the dregs of the supposed job market—and I don't think that there are any who are prepared for this type of job market.

Mr. Scherle. Well, weren't they a little bit overzealous in selling the trainee? But according to your statement, then you feel that they are not?

Mr. Humes. Right. I don't think that—and by "they," I mean both the job developers and the primary contact, whatever plant we're talking about—were unrealistic as to what to expect as far as the actual trainee applicant.

Mr. Scherle. Now, you were critical about some of the programs and the way they were selected.

Doesn't the Human Resources Department do the selection of trainees, and aren't the jobs themselves supposed to be selected or administered on a need basis for the community?

Mr. Humes. Well, let me say this, and I will use the analogy of your chicken-pickin'——

Mr. Scherle. Well, there is no future in chicken-pickin'.

Mr. Humes. I would say with that exlusion that there are far too many of this type of thing, and this then might be the fault—whereever the link is. It might be the fault of the Health, Education, and Welfare Secretary. It might be the fault of the Transportation Secretary.

It might well be the fault of the Department of Labor.

Mr. Scherle. I would prefer to come lower than that.

Mr. Humes. OK, but what I am saying at this point is, if in fact programs are being used on paper, that show a progression, I would say that it would be up to an independent agency or an independent person who has no axe to grind, other than report simply what is being done.

And what is being reported as being done is amazing.

Mr. Scherle. Well, what would you recommend along that line for correcting this situation?

Mr. Humes. To adhere to what Congress has proposed.

Mr. SCHERLE. You see, Mr. Humes, we keep going back not to the fault of the generosity given by the taxpayers through the Congress to the needy, but we keep going back down to the people who administer the program. Their failure to monitor and evaluate the programs, results in hurting that poor hapless individual that had the desire or motivation to be trained.

And through the negligence of the administrator, he has failed to live up to his responsibility.

Mr. HUMES. I would have to submit that if in fact there has been too much emphasis placed on the administration of the program, my castigation of some of the problems of the program, then I would have to say that in all too many instances, there are some administrators who are insincere.

But there are many others who are not insincere. But there is that fine and not so fine—there is a broad gap monitoring the program, seeing that it's effected and hewn to the ideas of Congress in making legislation for this relief of poverty in the first place.

Mr. SCHERLE. When a person administers a program, and does not fulfill his capacity to the extent that those people do sign up and are encouraged to participate in the programs, and they are just carried along with no results, either during the program or during the very end, then something is wrong.

Now, so long as we find administrators who do not act in the best interest of the taxpayers to effectuate programs, to help those in an unfortunate situation, then we can not justify ourselves how these trustees of the people use that money if we don't give them value received.

Mr. HUMES. The simple answer to that question, sir, is that so many of the giant industries themselves are almost totally subsidized, at least in certain departments, by the Federal Government. And the appalling deficiencies in some of these companies, such as Lockheed with its unprecedented request of $600 million, and unprecedented action must be taken to bail them out of this, there is this type of management which I think is prevalent in both labor——

Mr. SCHERLE. Mr. Humes, when we train people for a job, this will not ever materialize if we fail to remember that you will not have employees until you have employers.

So it is not much good to train a person for a job—if in the end there is no job to go to.

Mr. HUMES. Well, that certainly can't be argued.

Mr. DANIELS. Thank you, Mr. Humes.

Mr. DANIELS. I ask unanimous consent that the statement of Mr. Humes be inserted in the record immediately preceding his testimony.

Our next witness is Mr. Cliff McClain, West Side Neighborhood Center, Los Angeles, Calif.

Will you step forward, Mr. McClain.

STATEMENT OF CLIFFORD McCLAIN, NAPP NEW CAREERS, PROGRAM COORDINATOR, IN BEHALF OF WEST SIDE NEIGHBORHOOD CENTER, LOS ANGELES, CALIF.

Mr. DANIELS. Will you summarize for the record and submit your statement for the record.

Mr. McClain. Well, I can. I can do that, if you wish.

(Mr. McClain's prepared statement follows:)

Statement of Clifford McClain, NAPP New Careers Program Coordinator

Gentlemen: On January 8, 1970, Mrs. Opal C. Jones, Executive Director of the Neighborhood Adult Participation Project, in her testimony given at the Senate Sub-Committee on Employment, Manpower and Poverty; made this statement "The NAPP Neighborhood Workers, or the New Careerists are concerned and have been concerned, about the quality of services that are provided in the neighborhoods where they live.

"We have been concerned about the kind of leadership that we have in the agencies, therefore, the New Careerists were able to provide assistance to serve the agency through employment as a vital part of the agencies' personnel.

"Since the agency constituted a part of the neighborhood, it needed and utilized the strengths, knowledge and skills of the New Careerists. That means the neighborhood adults who live where the agencies are located.

"Therefore, we have sought a creative approach to manpower and that is this: That although the adult is unemployed and meets the low income criteria for employment, many times we have found that it is the agency that is poor and the agency is in need of help from its own neighbors and New Careerists.

"In order to insure the effective delivery of services and to bring services and programs closer to the people, the New Careerists were placed in agencies not as recipients, or problems, or clients; but partners, staff and problem solvers.

"The placement of New Careerists in our social institutions resulted in increased involvement of neighborhood adults in managing their own affairs, planning programs that were relevant to their own problems and needs and speaking in their own behalf without the traditional applicant leader professional like me who has served as their spokesman before.

"The New Careerists serve as a link between the social institutions in the neighborhoods and they helped the decision makers to become more sensitive; more knowledgeable and more realistic about the people they were supposed to serve.

"This was not easy at first, and in many times it is still difficult because there is resistance on the part of many professional adults who fail to accept the New Careerists as a new partner and a new colleague in their agency.

"Also, many times a New Careerist was not given the job assignment that was needed to help insure the expected delivery of services. Many times they were given dull routine jobs that nobody else wanted.

"The necessary jobs that could alleviate tension in the neighborhood and meaningful jobs that could bridge the communication gap in the community between the decision makers and the people were considered as controversial by some agencies and administrators."

Mrs. Jones further commented on the problems encountered by the New Careerists stating "Unfortunately, many of our agencies utilized the New Careerists as "free labor" and failed to keep their commitment for future employment after sixteen (16) to twenty (20) months training. It is my opinion that if you want to make New Careers work, which means give the neighborhood the opportunity to serve itself, you will give the neighborhood the power to develop and implement its programs."

I must say that the neighborhood, with the able assistance of Mrs. Opal Jones, has developed programs; but we have been written out when it comes to implementation.

Take the Aide in the school program formerly known as the Education Aide II Program. This program was written initially by the NAPP Aides and the NAPP staff. These people who live in the community, who saw the kids get their heads busted at Manual Arts and Jefferson high schools, who felt the frustration of knowing that the kids had legitimate gripes but also realizing that they must get an education now!!! utilizing the terribly inadequate facilities, programs personnel, curriculum, etc.

The question was made here about the Martin Luther King Hospital. If the neighborhood was allowed to contract and train, by utilizing the agencies in the areas that could give on-the-job training, then they could staff Martin Luther King Hospital with people of the community.

The Bank of America is doing this in its Watts branches that it is opening up. They train from the manager all the way down in other branches, and now, when they are opening up an office in Watts, they can move these people over and they can fill positions with people who live in the community.

The people of the neighborhood use NAPP as a vehicle, and I want you to understand that we are first for our community; the project is a means to the end. Opal Jones is our "professional"; her word carries the weight of formal education and, I must add, the credence of practical experience.

In other words, if I say it you might question my credentials but hers are the same as yours.

I will list for you some changes that must be made to make New Careers most effective.

1. Groups like NAPP, Inc. should be allowed to carry on New Careers programs with three (3) to five (5) year funding.

2. Administrative control of New Careers programs must be in the hands of the neighborhood group.

3. Ground work must be lain so that community groups can bid for contracts to provide services to themselves. They can hire their own professionals. Mrs. Jones can serve as the best example of how valid this move is.

4. State, county and local agencies which deal in the areas of Health, Education and Welfare must be accountable to the neighborhood which they serve. Community governing boards to deal with each unit or some consistent means must be established.

5. Decentralization of administrative control of those agencies must take place immediately.

6. The Federal Government must effectively institute a New Careers Program in all phases of its operations, so as to affect a change in the National thrust as it relates to manpower development and utilization. Just think, many bright minds die in the Post Office.

The major issue of the day is Human Dignity. The New Careerists must be afforded the opportunity to gain the skills and knowledge which will be accompanied by an attitude that will equip them so that they can join the economic mainstream. But we must not lose sight of the fact that service, quality service, must be efficiently, and with the maximum amount of effectiveness, rendered to all those who need it. It is a proven fact that through New Careers this goal will be achieved.

In closing, there is going to be a taking over of the institutions in our neighborhoods by the people who live in that neighborhood—in other words Community Control! And those of you who don't want this to happen are going to say that the people are "looting" just as some of you said about the people who were taking that junk back in '65 that they had already paid for two or three times.

Yes, you will call those who move to take control of the resources and instruments of self determination within their community "looters", "rioting looters", but you are wrong. Those of us who believe in community control, who understand and know that the people of the neighborhood can serve themselves, we will know that they are merely repossessing what is rightfully theirs. They paid for these institutions with hundreds of years of blood, sweat and tears. They won't be considered "rioting looters"; they might, in fact, be angry, impatient repossessors.

Gentlemen, this is America, we must have a government of, by and for the people, and we will have it with or without those presently concerned!

Please take this opportunity to sit down with the people of our neighborhoods and

—*Plan*, for we must establish a goal or have a sense of direction.

—*Discuss*, to find a common reality.

—*Set Priorities*, setting a common goal and an agreed upon sequence of events.

—*Move to Implementation*, all parties must have a role, a constant commitment, and a supportive attitude.

Thank you.

Mr. DANIELS. Thank you, now, Mr. McClain.

Would you kindly tell the committee how long the neighborhood adult participation project was established, and by whom?

Mr. MCCLAIN. It is a program started back in April of 1965. It is funded through OEO—through the office of EYOA.

Mr. Daniels. Is this a voluntary community action program?

Mr. McClain. No, it was funded through the Federal Government.

Mr. Daniels. Who heads the program?

Mr. McClain. The program has its own board of directors.

In other words, what I am saying is that it is made up of the community and agencies of the community. It is incorporated, and it is under the direction of Opal C. Jones.

Mr. Daniels. Do you serve in any capacity on the executive board?

Mr. McClain. No, I don't.

Mr. Daniels. Do you have any position whatsoever?

Mr. McClain. No, I don't.

Mr. Daniels. What is the composition of the executive board?

Mr. McClain. It is composed of 13 representatives from the community—from each of the poverty pockets—each of 13 poverty pockets of Los Angeles County, and 12, I believe, sympathetic agency people—people who hold a position in the various human services, agencies, in the county.

Mr. Daniels. Are any representatives of local government involved?

Mr. McClain. You mean elected officials?

Mr. Daniels. Such as the mayor or the commissioners or the councilmen—whatever their title may be in this community?

Mr. McClain. I really can't say that there are any directly now. I am not saying some of the elected officials didn't have something to say about who these people who were chosen from—from the professional group—so there may be representatative—elected officials.

Mr. Daniels. By whom are you funded?

Mr. McClain. We are funded—well, now, there are two portions: we have a New Careers portion, which is funded by the Department of Labor, and the community action portion which is funded by OEO through the office of EYOA.

Mr. Daniels. Are you familiar with the amount of funding that has been given to NAPP?

Mr. McClain. I don't know the exact figure. People have been throwing all sorts of figures around the last few months about how much money we had for various reasons.

I think it's a point, too, from the community action portion, and we only get a small amount from the Department of Labor in terms of the supportive services for the New Careers.

The city schools have the administrative control over the New Careers in the schools.

Hopefully, we can make a lot of changes in this situation.

Mr. Daniels. Now, would you describe to the committee your New Career program—whether or not you feel that it is operating satisfactorily, and if not, what can be done to improve that program?

Mr. McClain. Well, what I think I would rather do is talk about, in a general sense, rather than deal in specific programs—for many reasons—but I think that it's quite effective in this sense: we have allowed people who want to do something in New Careers.

No. 1, everybody wants to have a meaningful job. We want to feel that through their lifetime they are going to be able to hold a position that means something—that is meaningful in the terms of the amount of responsibility and meaningful in terms of the amount of financial gain that is going to come so that they can support their family.

But the second, and many times the most important thing, is that they want to render service to their community. You know, they are tired of needing health services, of needing good education—because they see their kids dropping out along the way—50 percent—and they want to do something about this.

So through this they move into the human services field, and they are allowed to move—or they are attempting to move. I think what we have to talk about is how much restriction there is for them to move on to their professional position, and that is why I say that community organizations such as the NAPP should have the administrative control so that a person will feel free, when he sees something in his particular school that is not going right, to say, you know, to the administrator—or to whoever is involved—that this should be changed, that this is something that maybe we need to sit down and talk about.

Maybe you can explain to me why it's happening, and then we can get together and figure out how to change it.

Recently, in the Brown community, there were a couple of incidents at Roosevelt High—at Lincoln High. The people who were working in the school there were sort of put on the carpet because they identify very strongly with some of the gripes and grievances that these students have.

And many people took this as being disloyal to the school, when they were not being disloyal to the school.

They were trying to point out that, "Hey, this is part of the school. These students are just as much a part as those students who are sitting there and saying nothing."

And we should sit down and try to see what it is that their gripes are, and try to find some effective means of incorporating them into the school system with the kind of administrative control that I am speaking of by the community.

Then the people will be more stable and more sound, when they make these kinds of determinations, and won't be pressured out and won't feel that they can't speak their piece.

Mr. Daniels. Thank you, Mr. McClain. I am very glad to be able to hear your testimony this morning.

I call upon my colleague from California, Mr. Hawkins. Do you have any questions?

Mr. Hawkins. Mr. McClain, just two.

Just to clarify the structural position of the Neighborhood Adult Participation project, is it true to say that this is a community-oriented agency which is a delegate agency of the Economic and Youth Opportunity Agency, which in turn is a local OEO-NAPP agency?

Mr. McClain. Yes.

Mr. Hawkins. So it is a delegate agency of that, which in turn has one third elected officials on its board of directors?

Mr. McClain. Yes.

Mr. Hawkins. One third community agencies and one third representative of the poor?

Mr. McClain. Yes.

Mr. Hawkins. The other question: On page 2 of your statement you say that many of the agencies utilize New Careers as free labor, and fail to meet their commitment for future employment.

What agencies are you specifically referring to?

Mr. McClain. I am referring to the County agencies, and to the PSS in terms of the Health Department. I am talking about the Probation Department—these agencies.

Mr. Hawkins. They make definite commitments that they would use the new careerists in their agencies, and thereafter fail to employ them; is that what you are saying?

Mr. McClain. That was the end of the Operation Mainstream—that is, the way it was stated to be, and the way it was moving.

In the sense that when it came to that—they had to sign on the dotted line and say, "Yes, we will"—that is when we really had the difficulty.

In the beginning they did say, "Yes, we will bring them in and we'll work this out."

As a matter of fact, in DPSS, they developed a resource unit which is now being manned by "X" social workers, who have been upgraded.

The Office of Urban Affairs is an outgrowth, so to speak, of the school aid program, which should have been manned, I feel, by people in the community, rather than to use the people out of the classroom—to give them some administrative responsibility and exposure, and then move them in as vice-principals and principals.

I think that their function would have been served by community people.

Mr. Hawkins. Who is actually monitoring these contracts or commitments that are being effectuated—after the commitment is made and, let's say, the agency faults in its commitment? Is this reported to any local agency, and who determines that the commitment has not been kept? Or who insists, or who attempts to insist that the commitment be kept?

Mr. McClain. In terms of what I spoke about earlier about what happened before when they wouldn't live up to their commitment, it was a situation where it was not a written commitment that they would absorb these people.

I can speak to right now, the L. A. Board of Education has, in a contract that it signed with EYOA as a subcontractor, that if they cannot find the funds, they can terminate one or more of the enrollees.

Recently they had an election on the tax override. As a result of the defeat of this tax override, it is now being said that they don't have the money to create the positions for these people who have been training for 2 years.

But we contend that, "You didn't even think about the tax override when you first entered into the agreement, so why use this as an out?"

So what we have to do now, through the Department of Labor, is try to get a commitment that there will be some solid positions funded, which is quite difficult right now with all these various kinds of fundings, with hard moneys—which is really an established position within an agency; not an aid—continuous aid program—an aid program which moves people into permanent positions that, serve particular purposes in making that agency more effective.

Mr. Hawkins. Thank you, Mr. McClain.

Mr. Daniels. I recognize the gentleman from Iowa.

Mr. Scherle. Thank you, Mr. Chairman.

Mr. McClain, what is your business?

Mr. McCLAIN. I am the program coordinator—I don't know when the last contract came through—my title might have changed—with the Neighborhood Adult Participatin project in the New Careers unit.

Mr. SCHERLE. Your job is in a position of administrator of the Federal poverty program?

Mr. McCLAIN. I guess you might say that.

Mr. SCHERLE. Mr. McClain, can you tell me what are the major manpower programs supposedly devised to alleviate the lack of employment for people in this area?

He said they are: OJT, CEP, NYC, STEP, YTEP, JOBS—now JOBS 1970, MA-5, MA-4, and NAB.

Now is New Careers something other than any one of these or are you part of all of them?

Mr. McCLAIN. No. I think the concept sort of moves with some of it. I think you have to separate some of those you spoke about. What I am saying: Take the NYC program. This is dealing with youth, you know, and I think they come from 16 to 17—in the high school dropouts, you know.

So--and then when you talked about STEP and YTEP, they haven't been one of the agencies that is administering one of the—I believe it's six different types of agencies that are administering in NYC programs. And I would just like to say at this particular point: these components are overlapping in terms of each one of the groups—NYC groups—that are held by each of these six agencies.

Mr. SCHERLE. If I may interrupt there—is that right, that they should overlap?

Mr. McCLAIN. It is right that they should not overlap.

As a matter of fact, if you would take the NYC program and give it to a community organization, such as the NAPP program, they could in effect deal with it—we have 13 centers, so we cover the county.

In other words, if you had two different kinds of agencies—if the State had one, and the city had another, then probably of these 13 pockets, three or four of them would be hit. Because as soon as this arises, some action was happening in Watts or in East Los Angeles, all of everything would move into the area.

And what would be happening in the East Valley would be nothing.

Mr. SCHERLE. In other words, your recommendaton would be that they are now overlapping, and they should not. And if you had the power to do it, you would make sure that they would retrench and realine themselves so they wouldn't be overlapping?

Mr. McCLAIN. No; I wouldn't even say that. I would say that you have some agencies, like the United Way—the city and the State and the county—that shouldn't even have anything at al' to do with it, other than providing whatever kind of training that they could.

And I would say this in terms of why I say this: you give it to the community organizations; first of all you reduce the administrative overhead. You give an opportunity for people to work and learn certain kinds of certain things in personnel practice—bookkeeping, and different kinds—so you would open up another area of new careers.

You would increase the enrollment slots, because your funding would be so that you would have more money for the trainees than you would have for the administrative.

You would increase the supportive services, because we have supportive services built into our particular program.

You would maximize program visibility, which would work very effectively in terms of public relations.

You would create local administrative jobs, which I said, and you would heighten the community control, and you would concentrate your focus upon the enrollee need, and you could focus the programing upon realistic job development, and the programs would be accountable to the local community.

You would have pressure to move on those people that should be opening up their doors, and letting these kids in.

Mr. SCHERLE. In other words, of all these different Federal funded projects that I have mentioned, even NYC has six affiliate units that govern NYC?

Mr. MCCLAIN. Different components.

Mr. SCHERLE. Yes. Different components of NYC.

How do you keep track of all this?

Mr. MCCLAIN. If I were allowed to ask somebody from EYOA to give an answer to that, maybe they could——

Mr. SCHERLE. Have you made recommendations that this be changed, and that it be simplified?

Mr. MCCLAIN. Well, what I am doing now is presenting it to you gentlemen, and we will take it from the bottom up, but we would like to start at the top, and then we will work our way up. Maybe we'll meet somewhere.

Mr. SCHERLE. In other words, you want us to help you change it?

Mr. MCCLAIN. Yes.

Mr. SCHERLE. I assure you that we will.

Mr. MCCLAIN. But in changing it, please keep this in mind: that we want the control in the community. Don't take it from those who have any kind of tie, whether it be limited, and then give it to the State or some other like that, because the State has failed in the first place.

They have failed in the classroom, No. 1, which are the kids that drop out. And they failed when they turned around and came to the Department of Employment, which is now Human Resources and Development.

So I would say don't give them any more money. Give the money to the community, and then we'll work our way so that we can get something going, and perhaps train people that can move into those agencies and do an effective job.

Mr. SCHERLE. How can you blame the State for your dropout problem?

Mr. MCCLAIN. Well, I'll tell you: No. 1, the teachers are blaming the State. They say that the State should be getting more money so that they can have more classrooms and be able to pay better salaries and so forth—a lot of other little things.

Mr. SCHERLE. Mr. Chairman, I wish we could stay here for a longer time but our time is limited.

Thank you, Mr. McClain. Thank you, Mr. Chairman.

Mr. DANIELS. Thank you, Mr. McClain.

Mr. MCCLAIN. All right.

Mr. HAWKINS. Mr. Chairman?

Mr. DANIELS. Mr. Hawkins.

Mr. HAWKINS. The NAACP, in deference to time, has presented a statement from the Watts branch, which I would like to ask be included in the record at this point.

Mr. DANIELS. Without objection, the statement will be inserted in the record.

(The statement referred to follows:)

STATEMENT FOR LOS ANGELES NAACP

Mr. Chairman and Members of the Labor and Education Committee of the U.S. Congress:

My name is Edward D. Warren, I am the President of the Watts Branch of the NAACP, and I am submitting this statement in its behalf.

Since 1909 the NAACP has been in existence and in the forefront of the Negro's struggle for freedom and equality, including equality of opportunity to participate in government as elected officials and as voters. Equality of opportunity also covers the right to a quality education on a par with, and of the same degree of excellence as, that accorded white students in the south or the north. Today the NAACP is vitally concerned with the right of black Americans to participate in the total labor market from skilled aerospace jobs to skilled construction trade jobs, and this is particularly so of the apprenticeable trades.

The lack of black journeymen in the skilled construction trades is an indictment against the construction industry. That less than five years ago only two percent of the apprentices in California were black was an indication even then of the degree of racial discrimination. This becomes disturbing when we realize what very small part of the blue collar working force in California consists of blacks. It becomes alarming when we realize that the greater Watts riot of 1965 led only to token involvement in the apprenticeable trades, and that this resulted only after the McCone Commission issued a report pointing up the effect of racial discrimination in the construction trades. Today, five years later, there is about a six percent black involvement in apprenticeships in the state of California. Black apprentices in the Steam Fitters, Pipe Fitters, and Airconditioners Local 250 became possible only after the federal government filed a suit in federal court, and even this suit resulted only in tokenism.

It is revolting that we must have the need for a Philadelphia Plan, a Los Angeles Plan, or any other kind of plan in order to get even black symbolic participation or show-caseism in some of the apprenticeship programs.

As of December 8, 1969 the Department of Labor was funding a number of programs in California *to prepare* black youths to participate in the apprenticeable trades. They are known as Outreach Programs, and constitute a new alphabet for labor: BACOP—200 job slots $250,927; VACOP—70 job slots $102,703; SKACOP—100 job slots $125,332; MAFO—50 job slots $65,257; LEAP—50 job slots $74,248; and San Francisco Apprentice Opportunity Foundation—100 job slots $119,211 San Diego Industrial Affirmative Action Committee, Inc.—40 job slots $52,047. These figures total out at $789,725 for 610 job slots. This committment is for the total minority community. It does not include the recently negotiated plumbers program or the carpenters program.

These Outreach Programs are unrealistic because they do not start to meet the needs of black youth seeking to enter the construction trades. If they were realistic they would admit frankly that this was a quota system, which according to labor is undesirable, and which is certainly not a dedicatably conceived program. These programs are a blatant and deceptive attempt to give the impression of affirmative action and at the same time actually to control and limit the input of black workers into the skilled construction work force. There appears in this matter to be collaboration and secret sanction between the trade union movement and management. The input of the Outreach Programs is disgraceful and insulting, and is tokenism at its lowest ebb.

These programs, while masquerading under the pretense of inclusion, are actually programs of control, limitation, and exclusion:

(1) They only prepare minority youth for admittance to apprenticeship programs, without guaranteeing admittance to apprenticeship upon completion of preparatory training;

(2) Their numbers are limited;

(3) They lengthen an already long-drawn-out apprenticeship qualification program into an almost never ending procedure;

(4) They further imply that all black youth require tutorial help to pass the apprenticeship examinations;

(5) They are too costly per student;

(6) Because they have no employment guarantee, they breed resentment, discontent, dissatisfaction, and lack of faith in many of the governmental agencies that appear to be catering to labor and the establishment; and

(7) They contain no vehicle or mechanism for community involvement; rather, most of the advisory rosters look like trade union councils.

In California one of the major claims made is that the apprentice programs are voluntary, and trade unions may pull out of them if they are dissatisfied with them. It is obvious that there is a need for compulsory apprenticeship programs regulated by the federal government.

The NAACP is primarily concerned with helping to improve these programs so that they may achieve maximum goals, and be meaningful and relevant to black community youth. Training skilled workers without regard to color is essential to an American program. To that end the NAACP offers the following recommendations:

(1) That no federal tax exemption status be granted to any trust fund, promotional fund, or pension fund where racial discrimination hinders the entry of black apprentices, or limits their participation or excludes them;

(2) That any "Collective Bargaining Agreement" that comes within the province of NLRB shall include an apprenticeship equal opportunity clause, and the method of implementation shall be included;

(3) That a program shall be structured into the U.S. Department of Labor, providing trusteeships to be established whenever guilt in racial discrimination in apprenticeship programs is proved;

(4) That criteria for BAT and state apprenticeship programs be established that will not overly favor ex-union officials as consultants and fieldmen;

(5) That school systems receiving federal funds should not participate in apprenticeship programs that exclude or limit black involvement, and that school systems should monitor by visual observation all of their classes of related instruction to that end;

(6) That apprenticeship promotional campaigns be conducted in minority communities by the Outreach Programs;

(7) That admittance to apprenticeship programs be guaranteed to all who complete the Outreach Programs;

(8) That all advisory committees be weighted with a minimum of one-third members from minority communities who are not part of a trade, similar to Model Cities Councils; and

(9) That Outreach Programs be moved from the fringes of apprenticeship programs into the mainstream of apprenticeship programs.

Mr. HAWKINS. Mr. George L. Sirls. I don't know whether he is still here or not, but he wanted to present a statement, but he has given to me a letter which explains what he wanted to say, and I also offer this material which is to be found on the table, for the benefit of the members.

I would ask that his letter be inserted in the record at this point.

Mr. DANIELS. Are there any objections? Both the letter and statement will be placed in the record.

(The letter referred to follows:)

U.S. POST OFFICE.
Los Angeles, Calif., April 2, 1970.

HON. AUGUSTUS F. HAWKINS,
Congressman, 21st Congressional District,
Los Angeles, Calif.

DEAR CONGRESSMAN: It has come to my attention that you are holding hearings relating to expenditure of Federal funds through certain socio-economic programs in the Los Angeles area, on April 4, 1970.

You may recall that my function is in the Office of Contract Compliance, which relates to equal employment opportunity practices of Government contractors. In connection with my function dialogue with sources capable of training and making referrals to these contractors is vital to both the Contract Compliance Office and the minority communities. One such organization is the Transportation

Opportunity Program which is engaged in training truck drivers and automotive mechanics for eventual employment in the trucking industry.

The Transportation Opportunity Program, Inc., located in Pico Rivera, has been of immense assistance to our office in providing ready applicants to trucking contractors. This office has continually expressed its interest in the future existence of this program. Certainly, it is the most reliable referral source available to the Contract Compliance Office in the Los Angeles area.

Eighty-five percent of the graduates of this school are presently employed. This includes automotive mechanics as well as truck drivers

More than half of the graduates from both the automotive and truck driver training programs are of minority backgrounds. Placement ratio is comparable to that of its graduates.

My present concern is with the distinct probability that this program will experience difficulty in getting approved funds in 1970, from the Department of Labor, on which its existence depends greatly.

I believe it to be pertinent to the Los Angeles community's interest, and significant to the Mexican-American and black communities, that a bona fide representative of transportation Opportunity Program appear before your committee.

My request is made with the earnest intent to amplify the importance of this program to the working minority community.

Your consideration of this request will be appreciated.

Sincerely,

George L. Sirls, *Contract Compliance Examiner.*

Mr. Daniels. I believe there are some people in the audience who would like to testify today, however, we have gone beyond the scheduled time to conclude this hearing.

If you will give us your name and address, I will assure you that you may file a statement, and it will be incorporated in the official.

A Voice. No, God bless you for this, but you see, this gentleman hired me. I am one of the new careerists, and this is important for you to hear—because you usually put it in the trash can.

Now, the new careerist is very important.

Mr. Daniels. How much time would you need to present your testimony?

A Voice. Three minutes.

Mr. Daniels. You may now proceed to testify for 3 minutes.

For the purpose of the record, will you give your full name and your address?

STATEMENT OF MRS. DANIEL SMITH, LOS ANGELES, CALIF.

Mrs. Smith. Mrs. Daniel Smith, 8734 South Dalton Avenue, Los Angeles.

And God bless you, because you need God to work with you.

First, I would like to mention about the scrapping—and what I understand is—these programs that is being taken out of the community—which is a failure. Don't do it.

Now, if a person is in this program as a trainee, which I am a trainee in one of the programs, then if they don't come up to what you call your expectations, he is put out or expelled, or whatever it is, and we hopefully—another person takes his place.

Now, if the person—the people that are doing the training—if they are not doing the job, instead of scrapping the program, how about getting some of them out and getting some of the people in there—like me—that loves and cares for people and understand—just not a capitalist to step on top of somebody else in order to remain.

Now, the new careers programs are—by the way, I am a member of the Black Education Commission, and I am concerned with education—I am working with the board of education as an education aide—and on this program I was hired through NAPP—this gentleman that just left here. He happen to have hired me. I'm not joining his blood, but he come to have hired me.

Now—and I went to several others which they didn't like reality, and I wasn't hired. So—now, this program provides for you to go to school. Now, if a person haven't finished high school, they can go and finish. I happen to have finished high school, and I have some college credits.

If you have finished high school, then you can go on to college, which I am doing now.

Now, if you wish to take a trade, you can do that. If you want to take a subcourse, you can do that. That's all right.

Now, I am involved in a program where I am working on my AA, because I have some junior college credits—which I have collected, but I didn't stick with a major—so I have to go on and get this AA, and then after that I can continue and get the bachelor's, which I think is beautiful.

Now, I work in the health office, and I am involved with the children in the community and so forth.

I am active in the PTA and the community council, and all this type of things.

So the type of programs is what the people need. So this idea of the State having everything—of course, the State is just people—people like me that's working for the State—people like you. But it seems to have a different tang once they get control of a body—they just put this Federal Government, who—we're supposed to be scared to death about it.

So that the community is involved, and they should have people that is involved. Now, like this Martin Luther King Hospital which was—has been mentioned. The people seemingly—maybe I was wrong, but—got the wrong impression, but we're involved, which is in the community.

One, I know when I was coming up, I couldn't—my child couldn't even function with the Boy Scouts, because the woman that was over it didn't want a black boy in it.

So, you know, therefore it's a lot of black people—they are black ones because of the racism. And it's still existent right now.

So, you know, I mean when they don't come out to this community meeting, there is a reason for it. And the people like Mr. Hawkins and other people around here, and you, that cares, and the preachers and all these folks, come out and do what should be done for these people in the community—instead of shutting the program and taking their money and running somewhere else.

Because—the Federal Government—these people up at Washington is not doing their job. They are just sitting up there and making records and coming to work when they get ready, and using money—and even that they are getting—look at Nixon: all of his money is tax free. His family is running all over the world, you know, being vacated and all this kind of thing, so you know, I mean—all right, well, I'll get back to the community. [Laughter.]

So if you are talking about waste, you know, the United States is being wasted, period.

So let's get over here and let these community people try. And if they should waste some, like you have been wasting some, then let somebody like me that cares come in there and—and like others, like some of you that cares, like Mr. Hawkins who cares, and like Mr. Knox, and others in the room that don't know a damn, but cares, and come in there and say, "Well, if you're not concerned with these people, let's introduce somebody else and get somebody else, instead of scrapping the program," because we need these programs.

The people needs them, and God bless all of you, because every man in here needs God. I know most of you rejected Him—don't even know there is a God.

Some of you say, "How do I know it's God," and you don't know what's right and what's wrong, and half of you are—you puff on marijuana and you think it ought to be legalized and all this kind of thing, and we have a big thing going to tell the youngsters they just had to stop smoking it.

But I hear professionals and big-wigs say, "Let's all smoke." And that's why I'm overwhelmed—and all of this type of thing.

So you don't—let's get cracking on it. And please, get the community involved, because the community is the only one that's going to solve our own problem, because you people is up in Washington, or up in downtown, and you are in a big hotel or something, and then when you have meetings like this, you stop the people from talking. You didn't want me to talk, and I thank God that God moved on you, and you obeyed Him—and I want to obey you.

So, please, I thank you for visiting with you, and God thanks you.

[Applause.]

Mr. Hawkins. Mr. Chairman, I was just assuring the young lady that we are having an Equal Employment Opportunity in Los Angeles, hopefully next Thursday and Friday.

Now, will you give Mr. Knox your name at this time, and you will be scheduled as a witness, and be presented that way.

Fine, thank you.

Mr. Daniels. Mrs. Smith, I would like to clarify one or two points that you have raised.

No. 1 is the salary of President Nixon, the salary of the Vice President, and the salaries of all of the Members of Congress are taxable.

Second, I would like you to know that although Congress has been in recess this past week, this committee has been working. This committee is vitally concerned, and that is the reason why we are here. We do want to hear your problems.

A Voice. Thank you.

Another Voice. Mr. Chairman, will you please advise us how the witnesses were selected to appear before your subcommittee?

Mr. Daniels. These hearings were advertised. I made an announcement in Washington that hearings would be held in these various cities across the country.

I then asked Mr. Hawkins to invite anyone from this neighborhood that he wanted to have give their views on the subject of manpower.

No witness who has expressed an interest in testifying has been denied that opportunity.

I would like to further announce that 13 hearings have already been held in the District of Columbia.

A VOICE. Where are those notices advertised?

Mr. DANIELS. They are given out generally to the press in Washington by the subcommittee staff. They submit the news release to the press, including the wire services, and I am told by Mr. Hawkins that notice of these hearings appeared in the Los Angeles Times.

Mr. HAWKINS. That was one of those that actually carried it. It was released to all of the newspapers, including the community newspapers and the metropolitan ones.

My understanding is that the Los Angeles Times did carry a notice, and I am sure that the Los Angeles Sentinel and many of the——

A VOICE. Yes, the Times did carry a notice about these hearings.

Another VOICE. They did.

A THIRD VOICE. That's what they said, they did carry a notice of these hearings.

Mr. SCHERLE. Here's a news release from Mr. Hawkins about the meeting here in Los Angeles. "Hearings are open to the public. It tells who they are, what they are, where they are——

Mr. DANIELS. These hearings will be continued in Washington.

MANY VOICES. In Washington? We can't make it to Washington. That's too far away. Why not here?

Mr. DANIELS. Anyone who desires to can make a statement, and send it to us, and I will incorporate it in the record.

This official record of the testimony will be distributed to the public and all Members of Congress.

Mr. HAWKINS. Mr. Chairman, could I again request that anyone present who would like to file a statement, that the record be kept open so that statements can be filed, which will go into the official record.

This person who is a consultant for the manpower program and OCS has specifically requested permission to file a statement. And I ask that she be allowed to file a statement in the official record, as well as anyone else who is present.

Mr. DANIELS. It will be so ordered.

The committee will stand adjourned.

(Whereupon, at 12:35 p.m., the hearing was closed.)

MANPOWER ACT OF 1969

THURSDAY, APRIL 9, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:10 a.m., pursuant to call, in room 2261, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Meeds, Gaydos, Scherle, Steiger, and Collins.

Staff members present: Daniel H. Krivit, counsel; Loretta A. Bowen, clerk; Suzie Nelson, research assistant; Cathy Romano, research assistant; and Marty LaVor, minority legislative coordinator.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

We meet this morning to continue hearings on legislation to establish a comprehensive national manpower program, to assure an opportunity for employment to every American seeking work, and to make available education and training needed by any person to qualify for employment, consistent with his highest potential and capability.

I would like to recognize at this time my distinguished colleague from Montana, Hon. Arnold Olsen, who will introduce the first speaker.

It is my pleasure to have you with us today, Mr. Olsen. I have known you since you have come to Congress, and I don't know of a more energetic, industrious, and hardworking Congressman than the Congressman for the great State of Montana.

STATEMENT OF HON. ARNOLD OLSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. Olsen. Thank you very much, Mr. Daniels, and Mr. Gaydos; it is a real pleasure and an honor to come before your subcommittee, especially this morning.

I am here, of course, by invitation, and also, at the request of John Melcher, the Congressman from eastern Montana, who had another meeting and just could not attend.

At his request, I am here to introduce these people from a very distinguished tribe of Indians, the Assiniboine and Sioux Tribes, at Fort Peck Indian Reservation.

Mr. William Youpee, the witness I am introducing, has had an outstanding career as a leader in that tribe, and is now in his fifth term of 2 years, so he is in his 10th year, a very distinctive privilege and honor which testifies to the fact that he is an outstanding leader in his tribe to have such a term.

He has brought with him others of the Fort Peck tribe, Mr. Joe Day and Mr. Leslie Fourstar. If you two gentlemen will stand.

They have with them Anson Baker, the Superintendent, who represents the Bureau of Indian Affairs.

These people are doing an outstanding job, as you will learn from their testimony. I am not deeply involved in this program, because it is over in the other district, but these are fine people, and outstanding leaders, and I recommend them to you for whatever testimony they have to give, and I thank you for this privilege.

I must excuse myself, because I am due to meet with the Bureau of Indian Affairs over in another building, and then as Mr. Daniels knows, we have two other special meetings that we must attend this morning.

Mr. DANIELS. I thank you for your appearance, and I extend a most cordial welcome to you, Mr. Youpee, and to the distinguished members of your tribe.

You may now proceed with your testimony.

STATEMENT OF WILLIAM YOUPEE, CHAIRMAN, FORT PECK TRIBAL EXECUTIVE BOARD, ASSINIBOINE AND SIOUX TRIBES, FORT PECK INDIAN RESERVATION, MONT.; ACCOMPANIED BY ANSON BAKER, SUPERINTENDENT, REPRESENTING THE BUREAU OF INDIAN AFFAIRS

Mr. YOUPEE. I want to thank Congressman Olsen for the introduction, and also want to thank the committee for allowing us time to testify before this distinguished committee this morning.

My name is William Youpee. I am chairman of the Fort Peck Assiniboine-Sioux Tribes of the Fort Peck Indian Reservation, in Montana. I am also President of the Fort Peck Tribal Industries.

I appear today in behalf of the Indian people of the Fort Peck Reservation to comment on the manpower project that has been underway on our reservation since late 1968.

I refer to the Fort Peck Tribal Industries operation at Poplar, Mont., that is managed under contract by Dynalectron Corp. Our plant has been handling Department of Defense contracts for overhauling rifles under the set-aside program.

The establishment of the Fort Peck Tribal Industries and the opportunity for Indian people to prove that they are capable of handling Government contracts to overhaul rifles is the most important economic event that has happened on the Fort Peck Reservation in many years.

As on most Indian reservations, unemployment has been a chronic problem at Fort Peck. During the period 1965 to 1968, the percentage of unemployment to the total labor force has ranged, on a seasonal basis, from 45 to 80 percent.

These conditions, which have persisted for a long, long time, have taken a heavy toll in Indian hope, initiative, and self-respect. We estimate that more than half of the Indian families at Fort Peck live on less than $3,000 per year and many live on much less.

Tribal leaders and the Bureau of Indian Affairs have recognized for a long time the seriousness of the situation. Since 1962, we have been trying to attract some industry to our reservation so that our people could find employment, but we were never successful until we teamed up with the Dynalectron Corp.

From the standpoint of industry, our reservation is not so attractive as many other locations because of our isolation, distance from markets and raw materials and because of our cold climate.

Over the years we have talked to many different firms about locating on the Fort Peck Reservation, but to be perfectly honest, most of them were very marginal operators. One company simply used its negotiations with us to force a loan from their home bank. The head of another company was an out-and-out "con" man. Many people have come to the reservation with schemes of one kind or another to get their hands on some Indian money or some Federal money. We were sometimes discouraged, but we never quit trying.

Understanding all that we have been through in trying to attract some industry to Fort Peck, I am sure that you can imagine the new hope and enthusiasm the success of Fort Peck Tribal Industries has generated. Especially so, since this company is tribally owned.

At almost the same time that Tribal Industries was formed, the C&M Construction Co. of Billings, Mont., agreed to put up a building at Poplar in which to construct houses for our low-rent housing program. With the 20 or so men employed by C&M Construction Co. and the 125 employed by Tribal Industries, we had a sudden decline in unemployment.

In September 1968, 47 percent of the Indian labor force was unemployed, another 15 percent were only seasonally or temporarily employed.

By March 1969, when both these companies had their plants in operation, unemployment had been reduced 10 percent—down to only 37 percent of the labor force. This may not sound like very much, but it had a pronounced and immediate effect on the economy of the area and the attitudes of Indians and non-Indians alike. There was a new feeling in the business community that perhaps, after all, we could do something to improve things here.

We do not consider what has been done so far by Tribal Industries and Dynalectron as anything but a beginning of what we must do to provide jobs and training for Indian people. We still have more than 300 people who need jobs. Most of these also need training.

Our population is increasing at the rate of about 2 percent per year. And Indian people who have had to move away from the reservation are hearing about Tribal Industries and are coming back. We don't want to discourage this because many of them bring back training and skills that we need very badly.

Our education record at Fort Peck is much better than on many reservations, and it is improving, but we have many adults who will require additional training to be able to handle jobs in industry.

Only about one-third of our adult population has completed high school and about 10 percent have received some formal vocational training under BIA and other programs. Many were trained by Dynalectron for specific jobs in the rifle overhaul operations, but will need additional training when we shift over to nonmilitary type work.

Being able to obtain Department of Defense contracts under the set-aside program has given us the chance we needed to prove to ourselves and to others that we can do a good job in industry.

We appreciate having had this opportunity, but we also realize that in order to develop a more stable economy and a dependable work force, we need to base it on long-term commercial-type products. We are working on this problem now with the help of the Small Business Administration.

SBA has employed the Cambridge Marketing Group, Inc., to help find appropriate industries and products for Fort Peck. We hope we can make the transition from military to civilian goods as smoothly as possible.

To do this, we have applied to the Economic Development Administration for funds to build a storage facility and utility building on our newly completed industrial park, so that we will have the space we need to expand our operations and make our planned changeover to commercial work possible.

I should mention that the Poplar Development Corp. is furnishing part of the funds for the building—an indication of the new feeling of hope that now exists among both Indians and non-Indians on the reservation.

Mr. Chairman, we have not only been working to improve job opportunities on the reservation—we have been working to improve all kinds of conditions.

I would like to tell you something about our reservation and about the things we have already accomplished and the things we are working on now.

The Fort Peck Indian Reservation covers over 2 million acres of farm and ranch land in northeastern Montana. Lands on the reservation were allotted to individual Indians in the early 1900's and then the reservation was opened to homesteading. Today, the Indians on Fort Peck own less than half of the reservation land.

There are more than 6,200 enrolled members of the Assiniboine and Sioux Tribes, but only about half of these people live on the reservation today. There are altogether about 4,000 Indians, including Indians enrolled at other reservations, who live at Fort Peck. There are twice as many white people.

Most of the people live in the southern part of the reservation where the Burlington Northern Railroad and U.S. Highway No. 2 pass through the area and where the principal towns are located. The Roosevelt County seat is at Wolf Point. About one-fifth of its 4,200 population are Indian.

Poplar, where tribal and BIA headquarters are located, is a town of about 2,500 population, of which over half are Indians. Poplar is where we have built our industrial park and where Fort Peck Tribal Industries is located.

The Fort Peck tribes did not accept the Indian Reorganization Act. We adopted our present constitution and bylaws in 1960. We conduct our tribal business through an executive board comprised of 12 voting members (two from each of six districts), a chairman, vice-chairman, and sergeant-at-arms, who are elected by the people.

Fort Peck was the first Indian reservation in Montana and the second in the Nation to take advantage of the Public Housing Administration low-rent housing program.

In 1962, we formed the Fort Peck Housing Authority, composed of both Indian and non-Indian members, and started our first housing program.

Since that time, we have completed 86 units of low-rent housing and 50 mutual help homes. We are now completing 20 more units of low-rent housing and have approval from HUD to begin 100 units of Turnkey III housing and 50 more Turnkey Mutual Help homes.

Under the BIA housing improvement program, we have completed the improvement of 49 Indian homes and are now working on 22 more.

We will continue to improve existing housing and build now homes until adequate housing is available for every Indian family on the reservation.

We built a new tribal headquarters building by force account in 1965 and a new pail in 1966.

Last year, we built a new office building to lease to the BIA, an industrial park, and sewer and water systems for the community of Frazer.

We have received approval from HUD for three new community halls to be built in Frazer, Wolf Point, and Fort Kipp. We expect approval momentarily for two more community centers for Oswego and Brockton.

We have applied to EDA for funds to build a 50-unit motel, an arts and crafts center and an industrial storage building for the industrial park.

We have applied for, and received, a grant from HUD for comprehensive planning on the reservation.

We are now working on applications to obtain funds for Hope Ranch—a home on the reservation for predelinquent Indian boys and girls. We hope through this means to work with the youngsters and their families to start helping Indian people resolve some of problems that have grown out of years of poverty and despair.

We have taken full advantage of Federal programs for depressed areas. We have active community action program of our own and have taken part in many education and training programs: Headstart, Upward Bound, Job Corps, health and home management training, home improvement training, NYC, emergency food and medical services, prevocational training for tribal industries and operation mainstream, VISTA, and legal services.

We have established a planning district under EDA and employ a staff to help us in planning and making industrial contracts.

We have nearly completed a sanitation improvement program with the help of the public health service, Division of Indian Health, that has taken nearly 7 years, and has improved Indian sanitary facilities from one end of the reservation to the other.

Tribal land holdings are being increased and consolidated through a continuing program of land purchasing. We would like to be able to buy all of the trust land that individual Indians sell, so that this land would not be going out of Indian control, but our income is not sufficient to permit us to do this. We have to confine our purchase to the best land and key tracts in an effort to consolidate tribal holdings.

Irrigation works being constructed by the Bureau of Indian Affairs will increase the present 16,529 acres of irrigated crop land to 24,678 acres during the next few years.

Mr. Chairman, I would like to call your attention to the publication attached to this statement called "Highlights of Fort Peck Indian Reservation." It provides further information about the progress we have been making at Fort Peck.

In the past 8 years, we feel that we have accomplished a lot in housing, sanitation, community improvement, education and economic development. These things are all important and all of them need to be done. But the most important single advance we have made is the creation of Fort Peck Tribal Industries.

This tribally-owned and operated enterprise will have the greatest and most far-reaching economic and social effect on the lives of Fort Peck Indians of anything we have done. It is our first step in providing jobs for our people.

We must not stop now and we will not stop now, but we need the continued support of Federal training and set-aside programs until we are strong enough to compete on an equal basis with any other company.

I hope that what I have said has given you some idea of how things are on my reservation and how much we need continued support from the Federal Government.

I would also like to make it clear that we do not favor having funds for our tribes, or for any Indian tribes, channeled through the State.

The manpower programs that you are considering are badly needed, but funds for Indian reservations should be made direct and not placed in the States hands to be dispensed as they see fit.

As Indian tribes, we are not subject to State jurisdiction and we can see no advantage whatsoever in being placed in that position in relation to obtaining Federal funds, whatever the program may be. It is a political fact of life that Indian reservations have no influence or power within the State setup as do cities and counties.

There has been a lot talk in government circles about helping the Indian people develop and letting Indian people make their own decisions about their future. This is all that we ask. Give us the chance to build a better life for ourselves by our own efforts and in our own way. Do not place us in the position of having to look to State organizations for approval of our plans—the same States who for so many years have ignored us and looked down on us.

The tribes at Fort Peck support the amendment proposed by the National Congress of American Indians (to S. 2838) that would establish an Office of Indian Manpower Training in the Department of Labor, which would have direct authority and a separate appropriation to devise and fund special manpower programs and activities on Indian reservations and among Indian groups.

Now, Mr. Chairman, in conclusion, I would like to say that we have gotten many reports, many people have been talking to us and asked us how come this works on our reservation, where it doesn't work in other places, but I think a lot of the credit should go to the Dynalectron

Corp., who have done such a wonderful job as management in our industries. And I would like to say, on behalf of the other delegates and myself, that we certainly appreciate coming before your committee, and thank you very much.

Mr. DANIELS. Well, thank you, Mr. Youpee. Rather than ask questions at this time, I think it would be better if we proceeded with the testimony of the other witnesses, and upon the conclusion of all of the testimony, the members of the committee will present questions to you as a panel.

Our next witness is Mr. Jack E. Vestal, vice president of Dynalectron Corp. of Fort Worth, Tex., who is accompanied by Mr. Walter L. O'Neil, director of management services.

You may proceed, Mr. Vestal.

STATEMENT OF JACK E. VESTAL, VICE PRESIDENT, DYNALECTRON CORP., FORT WORTH, TEX.; ACCOMPANIED BY WALTER L. O'NEIL, DIRECTOR OF MANAGEMENT SERVICES, DYNALECTRON CORP., FORT WORTH, TEX.

Mr. VESTAL. Mr. Chairman, members of this subcommittee, we appreciate the opportunity to present our views on the proposed legislation being studied by this committee. We recognize that the ultimate bill will have a long-lasting impact upon the lives of disadvantaged citizens for whom these training programs are intended.

With this serious thought in mind, we have examined the prior testimony offered to this subcommittee and have attempted to analyze the three bills being studied.

We have combined the results of our research with our experience in manpower training, and prepared our testimony with the hope that we can provide some information that will be helpful to this committee in its task of formulating a comprehensive Manpower Training Act.

The primary thrust of our statement will be directed toward the issue of training. To set the stage for this discussion, we believe it would be helpful to highlight the development of Fort Peck Tribal Industries, the economic contributions of this industry to the local community, and to discuss the objectives of industry and government in this important program.

First, I would like to explain the relationship between Dynalectron Corp. and Tribal Industries. Under a management agreement, Dynalectron furnishes the management capabilities to perform the marketing, finance, production, legal, and general management functions necessary to perpetuate this company.

These management functions are performed by Dynalectron within authorized budgets, which are approved by Mr. Youpee and the board of directors of Tribal Industries.

All management decisions of significance are previously coordinated with, and approved by, Mr. Youpee and/or the board of directors.

The primary market for this industry was furnished by the Small Business Administration under the authorizations set forth in section 8(a) of the Small Business Act.

Briefly, this section of the act authorizes the Small Business Administration to select certain Government procurement for placement in industries concerned with disadvantaged citizens.

The involvement of the disadvantaged in employment and/or ownership.

In Tribal Industries' case, both elements were present: the employee complement is 100 percent Indian—excluding five Dynalectron managers—and the company is 100 percent Indian-owned.

Industry's—or in this case, Dynalectron's—part in this situation consisted of development of the business concept, proposal preparation, contract negotiation, refurbishment and operations of the facility, and formulation and conduct of training programs for the Indian people.

The business objective of Fort Peck Tribal Industries is identical to that of any American industry, that is, to produce profits. It is further dedicated to the proposition of providing Indian employment, and establishing Indian management.

The Government objective was to create a business environment on the reservation whereby disadvantaged Indians could obtain stable and meaningful employment in an industry owned by Indians.

If this objective is satisfied, the Indians will have the opportunity to shape their own destiny through the process of self-determination.

Now that we have some basic understanding of the objectives of industry and Government in this joint venture, we would like to discuss the economic situation that existed at the Fort Peck Reservation prior to the establishment of Tribal Industries.

Due to seasonal employment, unemployment varied on the reservation from a 43-percent unemployment average in the summer, to a 55- to 80-percent average in the winter. For women, the year-round average is 60 percent.

The Bureau of Indian Affairs statistics noted that 54 percent of the Indian families were far below the poverty line, and the per capita income was listed at $806. The economic situation at Fort Peck was critical, due to the absence of employment.

When Dynalectron first reviewed the situation at Fort Peck, we were disappointed due to the lack of adequate facilities and a void in experienced, skilled industry employees.

Usually, when a new company, division, or operation is formed, the total employee complement is comprised of 97 percent industry-oriented, skilled personnel, with all levels of management, supervision, and skilled job classifications filled with experienced people.

At Fort Peck, we immediately recognized that in excess of 95 percent of the employees of Tribal Industries would be without any prior industry experience. The inexperience of the labor force caused serious concern as to whether or not the facility could be a success under such obvious and overwhelming liabilities.

It would be dishonest to say today that we were 100-percent confident that Fort Peck Tribal Industries would be a success when we started this operation 15 months ago.

Based upon our examination of the potential risk factors and a basic plan of action to address these individual risks, it was concluded that Fort Peck Tribal Industries represented an acceptable business risk for all parties concerned. The risk was thoroughly discussed with the tribes and the Government prior to the incorporation of Fort Peck Tribal Industries.

The reason that the high-risk factor was acceptable was due to the need for social reformation on the reservation. It has long been concluded by the Indian people that meaningful employment must be available on the reservation to provide a platform for favorable adjustments of social behavior.

By and large, the relocation of Indian people to large cities has not been successful. In accepting this program, SBA explained that social reformation was a Government responsibility; therefore, the contract workload was offered to Tribal Industries as a catalyst for socioeconomic progress for the tribe.

In a joint meeting with Government, industry, and the tribe, it was mutually agreed that the Government would accept the risk of placing a Government procurement in Fort Peck Tribal Industries, while the tribes would be financially exposed to a $35,000 risk, and Dynalectron Corp. would risk its investment and damage to its corporate image in the event of failure.

Therefore, with full recognition of the risks involved, the partnership consummated the contractual agreements in December of 1968, and commenced the work at hand.

We have now arrived at the point in our testimony at which we will address the training program at Fort Peck Tribal Industries.

The training program at Fort Peck Tribal Industries was developed, negotiated and funded through the Office of Economic Opportunity, and more specifically, through the branch concerned with Indian community-action programs.

The objective of the training program was to train 72 Indian people of the Assiniboine-Sioux Tribes for industrial positions, and to prepare five tribal members for management positions. Here I would like to speak briefly about the management training program.

Five members of the tribe, based upon their potential, were selected to become management trainees. These five men were sent to our Division for 10 weeks of concentrated management training. The primary thrust of this program was to develop communication skills, and to expose the trainees to management processes.

In addition to classroom training, these trainees were placed under the direction of department managers in an actual business environment. They were given assignments and were encouraged to participate in decisionmaking. After completion of the 10 weeks, the trainees were returned to Tribal Industries.

These five men are now performing the duties of assistant managers in production, quality control, finance, personnel, and contracts.

We are very pleased with the accomplishments of the management trainees, as they have advanced far beyond the normal progress milestones anticipated when dealing with inexperienced personnel. Perhaps this is an indication of what can be accomplished when Indians are granted the opportunity to compete.

Now we would like to address the issue of skill training in this program. Originally, it was expected that 72 persons would be selected for training, although we knew our personnel requirements would be for 123 employees.

The reason was a funding limitation in the CAP program. Shortly before the program, we decided that we would attempt to train 123 within the funding limitations of the contract. The criteria used in the selection of the trainees were that the individual must be head of household, 18 years or older, a disadvantaged person, and a person of Indian heritage.

The selection committee was comprised of representatives from the Bureau of Indian Affairs, the Montana State Employment Service, the Public Health Service, Dynalectron Corp., Tribal Industries, the Fort Peck Tribe, and the Office of Economic Opportunity. Approximately 650 potential trainees were interviewed, and 147 ultimately were selected for training.

The trainee profile developed from questionnaire statistics pointed to an average age of 29, three dependents, a record of at least one arrest and conviction, and an education achievement level of approximately sixth grade. The 147 prospective trainees were divided into two groups with an anticipated 3-week training period.

The training program included job orientation and job related education, and vocational training in an in-plant environment. In our judgment now, the most important element of our training program was the inclusion of moneys for over-the-shoulder, on-the-job training type instructors. These instructors were the same individuals who were involved in the vocational training period.

It was our belief that these instructors had gained the confidence of the trainees during the prevocational period and would be a favorable influencing factor on the trainees in the OJT environment.

Based upon our experience at Fort Peck, we now know that when a trainee completes a training period he still lacks the basic confidence to address the job successfully.

That is to say that he is confident that he has successfully completed his training and gained the training skills needed to do the job, but it is yet unanswered in his own mind whether or not he can successfully and adequately perform his job in a production environment.

The over-the-shoulder supervision provided in the OJT environment proved to be a valuable asset in restoring and maintaining the employee's confidence in himself and in his ability to do his prescribed task.

Looking back on the training program now, we believe one of the severe liabilities encountered was the weather conditions existing in Montana during the months of December 1968 and January 1969.

During this period, the early morning average temperatures were minus 26 degrees, with a recorded low of minus 66 degrees. With these severe weather conditions, the trainees were traveling distances varying from 1 to 60 miles over unmaintained rural roads to reach the training site at Poplar, Mont.

With the presence of severe temperatures, the normal nose, throat, and chest diseases were always expected. However, this problem was further complicated with the presence of the Hong Kong flu epidemic of 1968. Many of the trainees were affected by the Hong Kong flu and did miss some training sessions as a result.

In spite of these hardships, the trainees displayed an extraordinary dedication and interest in the training program, as they recognized this was an opportunity for self-improvement.

Six weeks after the training program had started, we had selected 123 adequately trained individuals who were ready to assume their responsibilities in the production environment. Ten weeks from the start of the training program, Fort Peck Tribal Industries made their first delivery on the M1, M2 carbine contract.

The accomplishments made at Fort Peck during this first 10-week period cannot be overemphasized.

First, we were starting a new industry. The new industry was being located in an old high school gymnasium that required complete renovation to make it suitable for industrial operation. This included the basic electrical wiring, installation of approximately $90,000 worth of equipment, and interior construction.

Looking back now, we review this 10 weeks as an extraordinary accomplishment on the part of the Government, the Indian people, and industry. It was a difficult task that could only have been accomplished with the true and total spirit of cooperation of all participating parties.

Since the first delivery in February of 1969, Fort Peck Tribal Industries has met each and every delivery schedule commitment, and produced a total revenue of $920,000, with earnings of $106,000.

In the accomplishment of the business objectives, social reformation has started as a result of the catalyst provided by Fort Peck Tribal Industries—the catalyst being a local payroll of approximately $700,000.

The effect of this local payroll in social reformation is documented in a survey conducted by the Bureau of Indian Affairs in late 1969.

This survey pointed out that significant strides had been made in home improvement, which was documented in local purchases of paint, furniture, and other items of supplies that are used in home renovation.

The school superintendent noted that the children of the Fort Peck Tribal Industries' employees were noticeably better dressed, better fed, were more attentive in their class, and were progressing more favorably in their academic work.

Law enforcement records indicated that during the year, the crime rate on the reservation had dropped significantly. Misdemeanors had dropped by some 38 percent, while felonies had dropped 16 percent. We believe this particularly significant when we think that the State and National crime rates are rising at an alarming rate.

It was also noted that new employment was being developed in the local area as a result of the added local payroll. Equally important, was that the local businessmen, the Government, and the tribe noted a definite boost in the spirit and enthusiasm of the Indian people. They obviously believed that at long last they were being granted the opportunity to prove themselves to be useful citizens.

I can now say without reservation, that the employees of Fort Peck Tribal Industries have proven themselves to be useful, productive citizens.

It has often been said that the Indian people have not been successful in adapting to the job environment dictated in metropolitan industries. Probably this observation is correct, in that the relocation programs that have been provided to the Indian people have not been successful because a large percentage have become frustrated in their industry jobs and have returned to their homes on the reservation.

If the experience has been that the Indian people do not remain in the cities under the relocation program, it would seem that we should abandon such programs and concentrate the efforts and moneys toward programs that would bring employment to the people in the rural areas.

Earlier in my comments, I stated that we had examined the prior testimony offered to this subcommittee. A quotation from the testimony of Leon J. Keyserling is appropriate here.

In the third paragraph, on page 6 of Mr. Keyserling's testimony, he states:

> I would include also the restoration of reasonable equality of incomes and public services in our rural areas, instead of continuation of the vain hope that our rural people can be rescued by flooding into the big cities, where they have greatly added to the unemployment and relief roles, and to the complication of all urban problems.

This is particularly true with the Indian people.

Without addressing the issue of the right or wrong of the situation, the reservation environment over the past 100 years has developed in the Indian people a feeling of security that is not found in the metropolitan areas.

In recognition of this fact, it seems that it would be an intelligent decision to decide to bring industry opportunities to the reservation rather than spend moneys uselessly in attempting to relocate them in the metropolitan area.

Predicated upon our experience with Fort Peck Tribal Industries, we have had an opportunity to see firsthand the problems of the Indian people. Our observation has been that the Indian people are intelligent, they are extremely patriotic, they desperately want to be productive citizens, and they never complain about the abuse that may have been placed upon them—and they continue to support our Government in times of need. They are not a people looking for a handout. They desperately and sincerely want to earn their way.

Unfortunately, because of their exposure to the reservation way of life, they are not well suited for immediate adaptation to the metropolitan or urban life styles.

If you can accept these facts as being valid, then we would like to make some recommendations that we believe can bring about social reformation on the reservation, and at the same time, give the children of the present adults a vehicle or platform on which they may launch a new life and find their way into the mainstream of American citizenship as we know it.

Our recommendations are as follows:

1. That Congress provide the means to weld together resources of Government that are available now for the special purpose of bringing about social reformation on the reservation.

The first step would be to take advantage of the provisions of section 8(a) of the Small Business Act which authorizes SBA to set aside certain Government procurements for special purpose projects such as minority enterprises.

Under this program, we are suggesting that $50 million be set aside from the Government procurement system and be designated for placement on Indian reservations.

The initial $50 million would be merely a start and would be developed in a pilot program which would provide an opportunity for SBA to evaluate the proper concepts for formulating a major thrust in the years to come.

As this concept is developed, one of the major challenges that will face the Small Business Administration will be to encourage and induce industry to participate with the tribes in bringing about social reformation by establishing industrial projects on the reservation. Dynalectron Corp. certainly will attempt to do its part.

However, this task is much too large for any one or two or three industries to accept. In fact, it will take many, many industries to accomplish the job effectively.

The reason that one industry cannot adequately handle this tremendous challenge is because the management talent necessary to undertake this tremendous task is not available in any one company.

The Small Business Administration is equipped to handle the contract negotiations; however, they will desperately need the support and efforts of all arms of Government if the task is to be accomplished.

Therefore, all departments and agencies of Government must be stimulated to create the necessary spirit of cooperation if the total task is to be accomplished.

Also, the Government must make a long-range commitment and not become discouraged when faced with setbacks. It is a difficult job—but it is a job that must be done.

2. The next recommendation is that training programs should be directed to programs where there are jobs available or provided.

If jobs are not available why spend training funds?

Training programs should increase allowances for special industry counseling because we have found that the over-the-shoulder type industry instructors are desperately needed to reassure these people that they are capable of doing the job.

When their confidence begins to fade, it must be restored by someone who has been associated with them not only in the training program, but in the production situation as well.

Special consideration should be given to preemployment orientation because it is in this period that the employee is properly motivated and taught to understand what industry expects of him, what he can expect of industry, and what they can do collectively.

He must be made to understand that he is a vital and important element in the overall scheme of business, and as such, business is desperately counting on him to do his share at all times.

3. Our third recommendation, and this is made without naming any specific individuals or organizations, nor do we have any in mind, is: If we are to have meaningful social reformation, we must eliminate the social-oriented instructor and his misleading vocabulary from training programs, because they have accomplished little or nothing.

In fact, we believe that the social-oriented instructor is often a person without any prior industry skill, has no understanding of the overall objective of industry which is—to earn profits.

4. Fourth, and this we believe to be the key to success, is that the Government must encourage industry participation, and industry

participation must provide experienced management, technology, and business development planning. Without this element, the industry will not survive.

In conclusion, we, Dynalectron Corp., a small part of American industry, would like to suggest that we all cease talking about the need to do something, and get on with the job at hand.

If Government is interested, which I sincerely believe is the case, then let us spend the tax dollars on programs that provide not only training, but jobs, as well.

Perhaps training centers for disadvantaged people provide part of the answer. But personally, I think the record of such centers does not justify the expenditures, so it is my recommendation that training centers be eliminated from consideration under the bills that are before this committee, and, I suggest that the training activities or programs that are considered in the bill resulting from this committee's studies be directed and limited to training programs that are associated with a business plan that will provide meaningful jobs for the trainees.

I believe another consideration that should be studied carefully by this committee is the means and methods by which training funds are administered. It has been our experience that the administration of the funds is confusing, particularly when they are limited or restricted by the approval of the State.

We believe that in some cases, the training funds or programs are delayed for reasons other than those normally associated with business judgment.

For this reason, we strongly recommend that the Secretary of Labor be granted the power to approve or disapprove funds, rather than placing the approval on the State level.

Also, I would very strongly suggest that training funds be withheld from organizations which are not industry-oriented and experienced.

I would further suggest in industry programs: that industry be required and obliged to furnish industry-experienced personnel to perform the teaching or instruction work.

I have observed in visits to Job Corps centers now closed, that the personnel who were managing and training were not industry-experienced people. In fact, the predominance of these people were school teachers, ex-parole officers, or people who had been involved in social work.

It is my judgment that although these people are a necessary and valuable asset to our country, they are, nevertheless, unqualified to prepare other people for industry jobs.

Without the actual experience of working for an industry, I find it difficult to imagine how anyone could assume the responsibility of preparing another individual for industry work. On the other hand, I am not and have never been a teacher, therefore, I could not imagine myself taking on the task of preparing some inexperienced individual in the methods and techniques of effective teaching.

Along these same lines, I have heard that the disadvantaged should participate in formulating the programs which will ultimately provide for them an opportunity to escape from the ghettos.

Also, there are those who suggest that these disadvantaged individuals or groups should control and determine the instructors and the management of the programs which are directed to eliminating their despair.

This seems ridiculous, in my opinion, because I do not believe that unemployed, unskilled, uneducated, disadvantaged people are prepared to address the many pitfalls and problems associated with their social reformation; nor do I believe that they are experienced and responsible enough to manage the tremendous funds which are required in such a program.

I am sure that we can all recall examples of programs managed by the disadvantaged and these are the programs that have caused the predominance of criticism from taxpaying communities.

I make these comments fully aware that many elements of the social welfare community will be extremely critical and cry out that the private enterprise system, with its profit motivation, is attempting to take advantage of low-income individuals.

To be honest, I must point out that the duty of industry in our democracy is to earn profits from its efforts, and I am saying here today that if industry is to be encouraged and induced into this challenging area of desperate need, there must be the recognition of profits.

I do not view this task that must be done any differently from any other task that the Government requires in performing its function, and as such, if a service is required, then the Government must expect to pay for this service. Any other suggestion or notion would be ill fated from the start.

So, I once again suggest that industry is needed in this most important program, and if you are going to secure the experience industry has gained through the years, then you must pay a profit for its use.

Mr. Chairman and members of the subcommittee, I respectfully submit that I do not have the technical competence to evaluate the consequences of the provisions of the three bills before this committee.

Therefore, the comments that I have offered today are gained from experience in a successful project that has been totally involved with the Indian people at Fort Peck Tribal Industries.

I would like to say that I know that the Indian people are an intelligent, progressive, productive people when they are given opportunity.

Therefore, I trust that in the formulation of the resulting bill that is placed before Congress, a special provision will recognize the training needs on Indian reservations or include the Indians' interest in your report to Congress.

In the past, training programs have ignored the Indian reservations. For instance, it is only within the last few weeks that the National Alliance of Businessmen's Jobs '70 program has been extended into the State of Montana.

This is just another example of how the Indian reservations have been ignored, or were the last to be considered.

It is my hope that this committee will assume the responsibility of drafting a provision that will assure the Indians are not again ignored in this vital and important bill that will result in a comprehensive Manpower Training Act.

Thank you, Mr. Chairman.

Mr. DANIELS. Mr. O'Neil, do you have a prepared statement to deliver?

Mr. O'NEIL. Mr. Chairman, I don't have any testimony. I am here to assist in answering the questions where I can.

Mr. DANIELS. All right.

May I ask if any of the other men who are with you, Mr. Youpee, desire to come to the witness table to answer any questions that may be presented?

Mr. YOUPEE. Yes. Superintendent Baker is here with me.

Mr. DANIELS. I would like to introduce my colleagues who serve with me on the committee. To my immediate right is Mr. Joseph Gaydos, Congressman from the State of Pennsylvania; and to my left is the ranking minority member of the committee, Mr. William Scherle, from the State of Iowa; and my colleague from Wisconsin, Congressman William Steiger.

When did the Dynalectron Corp. establish this program at Fort Peck?

Mr. VESTAL. It was established—effective December 1968. That is when it was consummated. We had spent practically a year in the preliminaries leading up to the consummation of the agreement and the program.

Mr. DANIELS. Was this grant obtained from the Small Business Administration?

Mr. VESTAL. Yes, sir; it was.

Mr. DANIELS. In what amount of money?

Mr. VESTAL. The basic contract was approximately $750,000. Isn't that correct?

Mr. O'NEIL. And that delivery requirement under that contract was for 44,000 M-1 and M-2 carbines. Now we are talking about the Department of Defense contract.

Did you have reference to the CAP training program?

Mr. DANIELS. I believe in your testimony you made reference to the Small Business Administration, enabling you to establish this industry on this reservation.

Mr. O'NEIL. Correct.

Mr. VESTAL. That is correct, sir.

Mr. DANIELS. In addition to the Small Business Administration grant, were there other funds channeled into the reservation?

Mr. VESTAL. Walter?

Mr. O'NEIL. Yes, we had a training program which was funded by the Indian desk in the community action programs in OEO. The amount of that contract was $106,000.

Mr. DANIELS. Did Dynalectron have a role in that?

Mr. O'NEIL. Yes, sir; we performed the training itself, and provided the instructors. The average trainee cost under this program was approximately $900. This was the vocational training program that we conducted prior to starting our production efforts.

Mr. DANIELS. How many trainees were enrolled in your program?

Mr. O'NEIL. There were 147 involved in the program. Through the process of elimination and dropout, we trained 123, and employed 123, which is our present work force.

Mr. DANIELS. And those 123 trainees were the ones who were employed at this plant for the handling of these rifles?

Mr. O'NEIL. Yes, sir; that is correct.

Mr. YOUPEE. Yes, sir.

Mr. DANIELS. And how long was the training program?

Mr. O'NEIL. The training program was 3 weeks. We broke it up into two groups. The first group we started in December, and finished about the middle of January, and then the second group after that. So overall, it was 6 weeks, for the two groups.

Mr. DANIELS. Am I correct in stating that at the end of your training period, each one of the trainees who successfully concluded the course was guaranteed a job.

Mr. O'NEIL. That is correct.

Mr. VESTAL. Yes, sir.

Mr. O'NEIL. And in talking about the job guarantee, we think that motivation in the training programs is probably the most important element, and we think that one of the—well, the single most important motivation was the fact that the trainee knew that if he successfully completed the training program he would have a job. We think this is very important.

Mr. DANIELS. In connection with this job program, what guarantee or assurance is there that this company will continue functioning in the future?

Mr. O'NEIL. The guarantee that it will continue in the future is like any company, it is only guaranteed by the efforts of the people, and Dynalectron Corp. is committed to participating with the Indians in developing a viable industry on the reservation. So this is the guarantee.

We will just have to see.

Mr. DANIELS. Presently, the industry is engaged in turning out rifles under our defense program. Now in the event of the curtailment or stoppage of a contract for this purpose, what will happen to this industry in which the Indians are now presently employed?

Mr. O'NEIL. Well, we have been in discussions with the commercial arms companies attempting to develop a capability, a similar capability for commercial applications, commercial rifles and pistols. As a matter of fact, tomorrow—Friday—we have a meeting with the Winchester Arms Co., for preliminary negotiations of developing this capability for Fort Peck Tribal Industries. So we are reasonably confident that we are going to develop a commercial application for these services.

Mr. DANIELS. Can you forecast when this company will be on a competitive basis?

Mr. O'NEIL. Do you want to answer that?

Mr. VESTRAL. Presently, we are on a competitive basis, we are very proud to say. Starting into the second year of operation, we are producing M-14 rifles for the Army at something over $3 per rifle less than they paid last year for the same service.

So we feel in the field of repairing small arms and the like, we are now competitive. When I say "we," I speak of the Fort Peck Tribal Industries.

Mr. Youpee, perhaps you would have some comment on that.

Mr. O'NEIL. Well, I might add something on the competitiveness, if you let me. The $3.41 per rifle is not too significant, but over the overall contract, which is delivery of 37,000 units, that represents a total saving to the Government, just on this procurement, in excess of $100,000, so that shows that they are in a competitive situation, already, in Department of Defense work.

Mr. SCHERLE. Mr. Chairman, will you yield a moment at that point?

Mr. DANIELS. Yes. I recognize Mr. Scherle.

Mr. SCHERLE. Who are you competitive with, outside of the Fort Peck Tribal Industries?

Mr. O'NEIL. Well, under this situation, the competition is simply that they go back to last year's procurement, and see what the rifle cost last year in the procurement. Now last year, the competitive price was something over $22, and our contract is right at $19 per rifle.

Mr. SCHERLE. Well, would you be more specific as to what other companies you are competitive with?

Mr. O'NEIL. I don't know the company, but for instance, the Government was presently doing this in-house, in their own Army depot.

Mr. SCHERLE. It seems that anything the Government gets a hold of, usually costs three times as much as private industry, so this is no competition.

Are you competitive with anybody else in free enterprise?

Mr. O'NEIL. I don't know of anyone else except the manufacturer of the guns who would be involved in it, and they have not been able to be competitive with the in-house Government, so whether it is being done in a commercial operation, I don't know.

Mr. SCHERLE. In other words, then, you are not really competitive with anybody except Government under which you now serve under contract.

Mr. O'NEIL. That is correct.

Mr. SCHERLE. Then you are not in real competition.

Mr. O'NEIL. That is the only competition we have.

Mr. SCHERLE. It is no competition, to compete against the Government.

Mr. Chairman.

Mr. DANIELS. In the training program, would you tell this committee what were the most significant parts of it?

Mr. VESTAL. Walter.

Mr. O'NEIL. Yes, sir, I think that the most important thing is in motivation of the trainee, which, as we said is a job at the end of the training program.

I think that probably, most important in adapting the trainee to an industrial work or position is that money spent in the on-the-job training, which is over-the-shoulder instruction.

I would say those are the most important things involved in the training program.

Mr. DANIELS. Could you give us a better description of what you mean by this over-the-shoulder instruction?

Mr. O'NEIL. Yes, sir, what we mean by this is normally, industry will have one supervisor, for say, 10 employees, and he has various duties in seeing to it that these particular individuals accomplish whatever the technical work scope might be. The situation with inexperienced employees, like we are talking about, the disadvantaged, your ratio becomes about 1-to-5.

So you need an additional supervisor for 10 employees, whereas if they are experienced, you would only need one supervisor.

In this situation, you need two. What we are talking about is this over-the-shoulder supervision, which helps him in his technical job.

Mr. DANIELS. Mr. Youpee, what is the Indian population, and the non-Indian population on this reservation?

Mr. YOUPEE. Slightly over 4,200. The total population is around 7,000. But living on the reservation, about 4,200.

Mr. DANIELS. What happens to the difference between the 4,200 and the 7,000?

Mr. YOUPEE. Excuse me, Mr. Chairman, but I gave you the total population. That includes the youngsters. You asked for the adults.

Mr. DANIELS. No, I mean the total population—both the adults and the children.

Mr. YOUPEE. Living on the reservation, it is 4,200.

Mr. DANIELS. 4,200.

Mr. YOUPEE. Yes.

Mr. DANIELS. And are they all Indians?

Mr. YOUPEE. All Indian.

Mr. DANIELS. And what is the non-Indian population?

Mr. YOUPEE. Probably 8,000.

Mr. DANIELS. Are they engaged in industry and other work on the reservation?

Mr. YOUPEE. We have very little industry on the reservation. Most of them are engaged in private businesses, like grocery stores, and whatnot, and farming and cattle raising.

Mr. DANIELS. Of the 4,200 Indians, what is the average rate of unemployment prior to the establishment of this project?

Mr. YOUPEE. About 47 percent. And it goes up to as high as 80 percent during the winter months, because much of our employment there is seasonal work, during the harvesting season.

Mr. DANIELS. Now perhaps, Mr. Vestal, you can tell the committee what observation you have made as to the effect of the establishment of this program on the reservation. Have you noticed any change in the attitude of the people?

Mr. VESTAL. Yes, sir. There has been a very definite change in the attitude. As I mentioned before, the crime rate had been substantially reduced. The people appear eager to get to work and earn meaningful pay checks.

Walt, do you have any further comment?

Mr. O'NEIL. Oh, there are a lot of things you notice in their attitude, I think, and maybe their awareness of what is going on, and what is happening.

I think, going back to the training program, that we tried to motivate the people by telling them that they would have a fringe package like any other industry. They weren't really concerned with this at the time. We thought we had made a point. It seems now that they are very much conscious of the fringe package, which is 2 weeks paid vacation. A guy said he had never had one before, or company-paid insurance, and things like this. We feel that this is important and that they are becoming aware of these things. This, in turn, makes them more stable and competent employees that you can count on.

Mr. VESTAL. I might add that as time goes by, I think we will see much more of this, because they begin to get an accumulation of vacation on the books, and will look forward to taking a vacation and getting back to work.

This is somewhat of an experience for them.

Mr. Daniels. Mr. Youpee, have you noticed any change in the local economy?

Mr. Youpee. Yes. Many of the Indians now are able to go and buy things. Many of these people who are employed by industry now were formerly on the welfare rolls. Now they are able to go out like any other citizen and buy equipment like refrigerators, stoves, and stuff on contract, from business organizations. It gives the Indian a lot of self-respect that was needed for many, many years, because of the unemployment.

The Indian people don't believe in getting a free ride. They believe in earning their way. This has certainly helped the people and the economic conditions there on the reservation.

Mr. Daniels. Were any of the 123 people who were given employment in this rifle plant formerly on relief?

Mr. Youpee. The majority of them were, Mr. Chairman.

Mr. Daniels. Mr. Gaydos, do you have any questions?

Mr. Gaydos. The retention rate during training, Mr. O'Neil, was excellent, and in fact, it is very superior. Has that continued, during now full employment? Have any of the individuals left?

Mr. O'Neil. Yes; they have. In fact, the turnover rate has been real significant in 1969, but we recognized this was going to be a problem, and anticipated it when we started. We more or less tried to program for it. What we did we set up a situation where we were going into an overhire situation, when we thought that the absenteeism or turnover rate might be extremely high. Then we had overtime provisions, and multishifts at certain points during production to eliminate any production backlog; but the turnover rate, in 1969, was 240 percent, which is shocking. It is quite shocking.

Mr. Gaydos. I can't understand that. Now we are going to go back and use deductive reasoning. You made a good point, and I was very impressed with the fact that your retention rate was quite substantial, exceptional, and then you find out within a 6-month period that——

Mr. O'Neil. No: this was 12 months.

Mr. Gaydos. A 12-month period, you have actually replaced the entire force.

Mr. O'Neil. Well, that is not true. That is not true.

Mr. Gaydos. Well, I want to have it explained, because it is confusing to me.

Mr. O'Neil. Well, what happens, and what is probably an advantage of being in a rural area, is that you can find your man when he leaves your plant, whereas in Washington, D.C., or New York City, if he leaves you, then you probably won't see him again; but on the reservation, and in a town of a couple of thousand, there are not many places he can go, so we have the same people coming back. We checked the records before coming here this week, and there are 70, I believe 73 people who are retained from that training program. That, we feel, is a pretty good record.

Mr. Gaydos. Now, stop right there. The 73, were there breaks in their employment record?

Mr. O'Neil. Yes, sir.

Mr. Gaydos. They would leave and come back again and leave, and maybe we could in all justification attribute that to again the individual being in a new field. He was used to unemployment for years, and he still hasn't acclimated himself. That would be a fair assessment, I would think.

Mr. O'Neil. Yes, sir; I would think so.

Mr. Gaydos. Yet, he has come back, after leaving; he has come back.

Mr. O'Neil. Yes. We have, Iwould say, about 35 to 37, or, 40, is probably a more reasonable number, who have been there from the very start a year ago, and are there today.

Mr. Gaydos. Still there?

Mr. O'Neil. Yes, sir; 15 months, without any break.

Mr. Gaydos. The reason I referred to that is because I personally am in full agreement with the observation made by Mr. Vestal on page 12 in his testimony when he suggests that training programs and all activities pertaining thereto should only be initiated when we have the job opportunity.

It seems to me that the approach has been just actually a grandeur type of approach to the problem, train everybody for every conceivable type of job, and then after he is trained, you have no place to put him.

Again, I go back to your record. I was hopeful that the trainees would have set and skill, and had the time to continue the employment, but if they have come back, I would say that criticism would be somewhat negated, because they have come back, and you are utilizing the talents which you trained them for originally.

Let me get off that subject and ask is there any representation on the Fort Peck Tribal Industries, on their board, from your corporation?

Mr. Vestal. No, sir; there is not.

Mr. Gaydos. That is completely a separate development corporation.

Mr. Vestal. Yes, sir.

Mr. Gaydos. What is the hourly rate that you pay now? The average? Not getting into supervision.

Mr. O'Neil. The hourly rate, average, without getting into supervision, is $2.20.

Mr. Gaydos. $2.20 an hour. Does that compare favorably to rates paid in the immediate area and throughout the State?

Mr. Baker. Yes.

Mr. Gaydos. I wanted to ask practically the question regarding what work do they do? Now we are talking about what I still believe is a successful training program.

How complicated is the work that the individual trainees now do? Is it reboring of rifle barrels, or mechanical repairs on the rifle, or the arms? What kind of work do they do? How technically are they trained?

Mr. O'Neil. Well, the technical work scope simply requires the removal of the phosphate coating from the rifles. Then we have a replating process; and then you go into the—it is like any other assembly/disassembly operation in an overall plant, and it is parts inspections, and so forth. They have certain provisions or precision measuring devices with which they examine the parts, and then test-fire the rifle.

It is, I would say, similar to any other assembly/disassembly operation.

Mr. GAYDOS. Well, how complicated was the training program, if I may? What occupations does a trainee now have claim to, or could he go to? What is his trade or art, now that he went through the program?

Mr. O'NEIL. He can assume an assembly job of any type—as in electronic assembly; the same principles and techniques are used in that as in mechanical assembly, so he can gain employment in a similar job.

An example of this, some of the people who were in our training programs and are now gone are employed by AVCO, at Glasgow, Mont., in assembly-type work. They went to AVCO as experienced, trained individuals.

Mr. GAYDOS. To clarify my conception, he couldn't go to Pittsburgh, for instance, and seek employment or file an application in one of our factories where he would be, say, an assistant machinist or anything like that.

Mr. O'NEIL. No, we are not doing any machine work right now.

Mr. GAYDOS. That is the nature of the program. I mean, you come before us, and I appreciate your appearance, and you talk about a training program, and if you are talking about one that has no depth, then I question the value of the program, this entire sphere of the problem that we now experience.

How long was the training program, when it was originally initiated? Was it a 6-week program, or 6 months, or what?

Mr. O'NEIL. No, the program, the prevocational or vocational training period was 3 weeks, and the reason it was such a short time was the limitation of funds in the community action program.

We thought we needed more time than we had, but that is all we had. The next thing that compelled us to have a very short training program was the delivery requirements. We didn't have any choice. So we had to train, do what we could, to teach them the basic principles of assembly and disassembly of the M–1 rifle; the assembly/disassembly techniques and production, and parts nomenclature, and get on with the job. That is all we had.

Mr. GAYDOS. And you did utilize the feature of OJT, on-the-job training and supervising.

Mr. O'NEIL. Yes, sir.

Mr. GAYDOS. Of necessity, you had to do that, because it was a short training program.

Mr. O'NEIL. Yes, sir.

Mr. GAYDOS. How much did your company invest, from private capital sources? if you want to answer the question. I am just curious, because we see a group action here, from the OEO, and you have grants.

What did you invest?

Mr. VESTAL. It would be very difficult to say with any degree of accuracy, because as I mentioned before, there was some time over a year, of getting into this program and becoming involved with it, where I had people traveling, assigned, and so on and so forth, that I didn't account for it separately. It was thrown into a lump burden pool.

Mr. SCHERLE. Will the gentleman yield at that point for one question?

Mr. GAYDOS. Yes.

Mr. SCHERLE. Weren't you under contract at that time?

Mr. VESTAL. No, we were not.

Mr. SCHERLE. While you were traveling back and forth?

Mr. VESTAL. No, sir.

Mr. SCHERLE. This was all at company expense?

Mr. VESTAL. Yes, sir.

Mr. SCHERLE. What company margin of profit do you have?

Mr. VESTAL. At the present time it is difficult to say, because I don't have it accounted for during the precontract period. If I had those precontract costs identified, I doubt very much if I would have any at this point in time.

Mr. SCHERLE. I will get into it later. Thank you.

Mr. VESTAL. I am guessing now, sir, and I am not trying to be evasive.

Mr. GAYDOS. I want to make an observation, though I agree with you that you are not in business for your health.

Mr. VESTAL. No, sir.

Mr. GAYDOS. You are in business to make a profit. That is the basis of the entire act. It is a fair profit, in this country, as I understand it, and I know some of my colleagues and I want to compliment you for looking at or cooperating, rather, with the Fort Peck Tribal Industries, or selecting the site, and for taking a so-called calculated risk in some instances. You don't know the longevity of the Government contract or the work.

I think you have contributed something to the deficiencies existing on the reservation, and I am hopeful that as you have stated here, that you are now investigating possibilities of incurring more clientele, so to speak, that you would like to enlarge this operation, and get into strictly private competition, and I want to commend you and the firm that you do represent.

I also want to observe in closing—we are short of time, and others of my colleagues want to ask some questions—that I agree again completely with your observation that I think that maybe our approach to this problem should be the one that you suggest, and that is that you combine intrinsically the job opportunities with job training, because I think that is one of the deficiencies in the program.

I wish we had you up in Pittsburgh and could put you to work on that.

Mr. DANIELS. I recognize the gentleman from Iowa, Mr. Scherle.

Mr. SCHERLE. Mr. Chairman, thank you.

In all candor, I was much more impressed by your statement than by your responses in the question and answer period. As a result you have made me a little apprehensive about your program.

First of all, why did the SBA select you when you had no experience?

Mr. VESTAL. May I ask, sir, where you drew that conclusion?

Mr. SCHERLE. All right——

Mr. DANIELS. Excuse me, Mr. Scherle. While you are contemplating the question you are about to ask, I would like to make a statement to the panel before me.

I must leave briefly to attend an important meeting, an executive session of the House Post Office and Civil Service Committee, and I shall return later. I am asking my colleague, Mr. Gaydos, to preside in my absence.

Mr. YOUPEE. Mr. Chairman, before you go, my delegation, in appreciation for letting us appear here today, would like to perform a little ceremony with you, at your convenience, later on.

Mr. DANIELS. Thank you. I will return at 11:30 a.m.

Mr. GAYDOS. (presiding). Mr. Scherle, I think you were asking.

Mr. SCHERLE. On page 3 of your testimony you say:

> I would be dishonest to say today that we were 100 percent confident that Fort Peck Tribal Industries would be a success when we started this operation 15 months ago.
>
> Based upon our examination of the potential risk factors and a basic plan of action to address these individual risks, it was concluded that Fort Peck Tribal Industries represented an acceptable business risk for all parties concerned.

Mr. VESTAL. I think I might be able to clear that up.

Mr. SCHERLE. Go ahead.

Mr. VESTAL. In the first place, you mentioned that we didn't have the experience. We have many operations in my division alone. We also have many other operations. We have six branch operations, and within my division currently, we are doing approximately $40 million a year.

To guess, for a moment, which is an educated guess, we probably have invested in travel, transportation, people, and precontract costs, some $40,000. And——

Mr. SCHERLE. Other than the initial investment of your company, are you on an annual or a 2-year contract?

Mr. VESTAL. We are on an annual contract.

Mr. SCHERLE. What is your profit now, as far as your contracts are concerned?

Mr. O'NEIL. I can answer that.

Mr. SCHERLE. Ten percent, fifteen?

Mr. O'NEIL. I can answer that. On the management services contract, the profit ratio year to date is, I believe, 9.7.

Mr. SCHERLE. About 10 percent.

Mr. O'NEIL. Yes, sir; close to that.

Mr. SCHERLE. Is that cost-plus?

Mr. VESTAL. No, sir; it is straight fixed price.

Mr. SCHERLE. How much of an effort would it be to take one of the Indians off the reservation and bring him in and start a job on the assembly line? Could he do it in a day?

Mr. O'NEIL. No.

Mr. SCHERLE. Two days?

Mr. O'NEIL. I don't know how you could say a number of days, Congressman, because what individual are you talking about?

Mr. SCHERLE. Well, I think we are working with the Indians on the Fort Peck Indian Reservation; aren't we?

Mr. O'NEIL. Each one of them—they are just like any other person; they are all different.

Mr. SCHERLE. All right, if a man applies for a job with this project, are you going to screen him before you hire him anyway?

Mr. O'NEIL. Yes, sir.

Mr. SCHERLE. All right, after you get through screening him, and you bring him into your plant, how long does it take for him to be adapted to that assembly line?

Mr. O'NEIL. And be productive? At a level that you expect in industry?

Mr. SCHERLE. No; not normal industry just in this project.

Mr. O'NEIL. In this project? I would say it would vary with the job, but I would say from 6 to 10 weeks.

Mr. SCHERLE. Six to ten weeks on the job.

Mr. O'NEIL. Yes, sir.

Mr. SCHERLE. What are some of the menial jobs in the assembly line? Having worked on assembly lines, I know they are not all completely intricate or detailed.

Mr. O'NEIL. No; I really don't. Now, what was the question again?

Mr. SCHERLE. What are some of the menial jobs on the assembly line, like dipping the rifles in the tanks, and different things like that?

Mr. O'NEIL. The plating. Well, the plating—I would say that some of the meaningful jobs are, of course, disassembly of the rifle. When you talk about labor, direct——

Mr. SCHERLE. Do they actually make the parts there, or do they just assemble and disassemble?

Mr. O'NEIL. We assemble, disassemble, remove the plating, replate, and then assemble and test fire and package.

Mr. SCHERLE. Well, I am a gun collector myself, and there aren't too many guns that I can't strip in just a matter of a few minutes, and put back together, some blindfolded.

Mr. O'NEIL. That is right.

Mr. SCHERLE. You have mentioned in here that these Indians are intelligent, I have to agree with you. I have a great respect and admiration for the American Indian. In fact, this would be a poor country, if it wasn't for the sacrifices they have made, so I am sympathetic with the Indians, but not necessarily with this program.

Now, why do you have to pay $900 per enrollee for a 3-week course to teach these men to fit on an assembly line, if when you get them in the plant, you also have to give them on-the-job training? What do you train them for in those 3 weeks?

Mr. O'NEIL. What do we train them on?

Mr. SCHERLE. What do you do with them the 3 weeks which is entirely foreign to the job itself?

Mr. O'NEIL. OK. What we did during that time is we tried to explain to them what this industry was, how it was started, where they would have some understanding. We also went into what was expected of them, to be there on work, just like they would explain to you when you worked in that assembly plant, I suppose—or you knew it from your father working. OK?

Now, the next thing is to impart some instructions. We had to, because the jobs there are so many—like you say, material control, inventory control, some of them are working in purchasing; and of these 123 people you are talking about, some of them were secretaries. Also, clerical work, of all types.

So it is not really a fair question to compare what we did with 123 or 147 that we originally selected, in that situation, to what we do today, with one individual. Because here, we were trying to prepare a complete total work force that was previously inexperienced, Congressman. And that was the real challenge that faced us at that time.

Mr. SCHERLE. What do you do today, now, if you replace these people that leave their jobs? Do you still have a 3-week orientation course, at $900 per employee?

Mr. O'NEIL. No, sir; we do not.

Mr. SCHERLE. Why the difference?

Mr. O'NEIL. The difference is that you are approaching a single individual, rather than a group of 123 to try to start a new operation. That is the only difference.

Mr. SCHERLE. Well, how many steps did you have in your 3-week course that you could orientate all these people to fit in a mass produced item?

Mr. O'NEIL. I don't understand that.

Mr. SCHERLE. How many different phases? If you had all the different secretaries unskilled and skilled workers and, all those that assembled, disassembled, plated and broke down. How many instructors would you have had to orient all these people in 3 weeks' time, in different job opportunities for that project?

Mr. O'NEIL. How many instructors did we have?

Mr. SCHERLE. Yes.

Mr. O'NEIL. Six.

Mr. SCHERLE. And these six were qualified to teach 123. How many different fields or jobs are there in this project?

Mr. O'NEIL. All right, there is the plating shop. No. 1. Those jobs associated with plating. Removal, the operation of wheel abrader.

Mr. SCHERLE. Well, can't you give me 10, 12, 15 different jobs?

Mr. O'NEIL. OK. The plating shop. There is inventory control, material control, stock refurbishment, assembly, test firing, and then inspectors; clerks, and secretaries, and, in the accounting section, we have bookkeepers.

Mr. SCHERLE. You had six instructors teach this varied assortment of jobs in 3 weeks with an average sixth grader, and they fulfilled the needs?

Mr. O'NEIL. I am not saying whether we fulfilled the needs or not. I am saying that after a year's operation, it was alive and successful. So I assume that the answer to your question is yes, it was successful. Maybe we were lucky. Luck beats skill any time.

Mr. SCHERLE. Well, this is difficult to believe, regardless of what you want to call it.

You said again that employing these 123 people made a great significance in your unemployment rate.

How can 123 people employed out of 4,200 make a great significance in your unemployment rate?

Now psychologically, I can go along with it, but this is like a frog on Lake Erie when you compare the small amount of employees in such a vast area.

Mr. O'NEIL. Congressman, I don't think that you include your children in your unemployed work force count.

Mr. STEIGER. If my colleague will yield, what is "like a frog on Lake Erie"? You missed me.

Mr. SCHERLE. The small amount of employees in a vast area.

Mr. GAYDOS. That is a big pond.

Mr. SCHERLE. Yes.

Mr. O'NEIL. Of the work force, the available work force, there were 650 people unemployed, so out of that 650, we employed 123, which reduced it, I think, significantly. That is roughly a sixth; isn't it?

Mr. SCHERLE. Where do you get your 650?

Mr. O'NEIL. From the Montana Employment Service, Montana State Employment Service. They were the ones that prepared the figures. Anson, did you have any figures on that?

Mr. BAKER. Yes. We have a labor force report here, broken down in March 1968; March 1969. The Indian population on the reservation, total was 3,840; available for labor force, 16 and over, 917; employed, 483; permanent, 319; temporary, 164; unemployed, 434; actively seeking work, 220. This is 1968, in March. March 1969, population, total, Indian, 3,919; available force, 16 and over, in 1969, 822; total employed, 516——

Mr. SCHERLE. Excuse me but, if I may interrupt here what I am trying to follow through with is the question posed by the chairman, as to how much of a difference this made as far as the project was concerned. I don't think 123 employed would relatively make much of a significant change in the overall population, as far as the ratios were concerned.

To follow the chairman's questioning, too, what would happen if the Defense Department decided to terminate their contract?

Mr. O'NEIL. We would be in trouble.

Mr. SCHERLE. You would be out of business. In other words, you are only operating because of the Government, again, and if they decided to cut down, then all these people would have nothing.

Mr. O'NEIL. That is true, at the present time. I don't know whether you were here when we said that we are entering into preliminary negotiations with Winchester, starting tomorrow, to develop the commercial application of these same skills, Congressman.

Mr. SCHERLE. Is it possible that you can incorporate this in the present building, in a larger operation, to where you would also not only rely upon the Government, but also have private involvement, and maybe, hopefully, run both of them, and if you ever did run into the precarious situation where the Government backs out, wouldn't these people just be left high and dry?

Mr. O'NEIL. That is what we are working toward right now.

Mr. BAKER. I might add there, Congressman, the town of Poplar, the non-Indian group there, the chamber of commerce, have formed a development corporation to negotiate with the tribes now to take over the financing portion of the loan for a large operation, or with private industry.

We have three good, solid leads at this time, facing over into the private sector part.

Mr. SCHERLE. You mentioned that the average per capita income was $806 in 1968. Did they have food stamps, housing, or any type of any assistance?

Mr. YOUPEE. Congressman, they did receive, as I say—many of them are on GA—and some of them were eligible from the county for ADC, and other welfare assistance, and we also have——

Mr. SCHERLE. Have you included that in your overall figure here? Even though all of them wouldn't be entitled to it.

Is this just the average net income earned over and above any government assistance?

Mr. O'NEIL. Anson, that came from a BIA pamphlet we extracted from there. I don't recall what the basis of the $806 was.

Mr. BAKER. The average income. This includes the subsidy; yes, the Federal subsidy.

Mr. O'NEIL. It does.

Mr. VESTAL. But not medical.

Mr. BAKER. No.

Mr. SCHERLE. Why would the tribes, Fort Peck Industries, be exposed to a $35,000 risk?

Mr. O'NEIL. The working capital requirement under this contract was insured under an SBA loan, and the $35,000 represented 10 percent of that loan which is a requirement—or a little above 10 percent of the total loan—a cash contribution on the part of the tribe to secure the SBA loan for working capital.

Mr. SCHERLE. You would have risked your investment and damage to your corporation, if you failed?

Mr. O'NEIL. Yes, sir.

Mr. SCHERLE. Are there any other programs on the base other than this?

Mr. YOUPEE. Yes; we have the community action program, manpower training programs, and EDA district, or EDA group. Then the Bureau of Indian Affairs offers some work there. But that is about the size of it.

Mr. SCHERLE. Is this the largest program or the largest project on the entire base?

Mr. YOUPEE. Yes; it is. In fact, it might be the largest in the eastern half of Montana.

Mr. SCHERLE. I want to compliment the Sioux for their dedicated interests that they have taken in these various programs.

It seems like the American Indian is very energetic, very determined, very successful in his endeavors to help his own people to help themselves.

Can you give me any reason why in some of the other programs we don't find that same dedication and retention and determination we do with the American Indian?

Your programs seem to be so much more successful than so many of the others we have had.

Mr. YOUPEE. Well, my only answer, Congressman, would be that its not only the Indians, but is a community effort; everybody getting involved and everybody taking part.

Mr. SCHERLE. Is it because you feel that you are isolated? Is it because you have been looking so long for maybe an opportunity, that everybody pitches in and helps?

Now, for instance, here you have, even with severe weather conditions, the trainees traveled from 1 to 60 miles. This is pretty remarkable.

Mr. YOUPEE. Yes, sir.

Mr. SCHERLE. And I don't find this dedication or retention rates in a lot of other programs that we have funded and appropriated money to.

Mr. YOUPEE. I might say that our tribe, on a couple of occasions, has invited industry out to the reservation. In fact, you might say we laid the red carpet out for them. We paid their expenses out there and back home to take a look at what we had to offer, and like I say in my statement, all we were looking for was a chance for the Indian people to prove that we can compete with the non-Indians, given a chance.

Mr. SCHERLE. Well, I am quite impressed with the remarks of Mr. Vestal on page 11. Some of this, I could have written myself.

> No. 3. Our third recommendation, and this is made without naming any specific individuals or organizations, nor do we have any in mind, is: if we are to have meaningful social reformation, we must eliminate the social-oriented instructor and his misleading vocabulary from training programs, because they have accomplished little or nothing.

That statement could serve in total, as far as the OEO and the poverty program is concerned here in America.

You have also made another excellent statement on page 12, that:

> I believe another consideration that should be studied carefully by this committee is the means and methods by which training funds are administered. It has been our experience that the administration of the funds are confusing, particularly when they are limited or restricted by the approval of the State.

Now that last part, I couldn't go along with, because I am a firm believer in States' rights. Now, why do you object to this going to the States?

Mr. O'NEIL. I will answer that, Congressman, and it is not based on any experience except our own, and that is just one program, which is the CAP program.

What happened is that we wrote the training program, wrote the technical work scope that we are going to try to address and priced the thing, then negotiated here in Washington with the Indian desk in OEO—and we were delayed in implementing the program simply because it had to go to the State for the Governor's approval.

Well, I don't object to the Governor's approval, Congressman, but if he is going to approve it, he should be in line when you are preparing your proposal, pricing it and negotiating it.

Mr. SCHERLE. Well, do you take him into your confidence when you are setting forth this plan? I think as Governor of a State, he in essence is the Chief Executive of that State.

Mr. O'NEILL. Yes, sir.

Mr. SCHERLE. He should be well aware of the needs of all the people. No Governor who is susceptible to the claims of the electorate would jeopardize his position by neglecting anybody intentionally, and deliberately, if he felt that these things were at stake. There is not any Governor who is not a humanitarian enough to know what the needs of his people are.

My next question is, who are you responsible to, now? Just to the OEO, aren't you?

Mr. O'NEIL. We are not responsible to them for anything now. We are through with that program.

Mr. SCHERLE. With what program?

Mr. O'NEIL. The training. The training program is over.

Mr. SCHERLE. Well, you have got a contract here, under the Federal Government, you are responsible to the Defense Department now; is that true?

Mr. O'NEIL. Yes, sir; that is correct.

Mr. SCHERLE. You get no more OEO funds, for any purpose, and all you have now is a contract with the Defense Department?

Mr. O'NEIL. Right.

Mr. SCHERLE. You receive $750,000. Of what funds was that initially, to set up what?

Mr. O'NEIL. That contract is like any contract, Congressman, that you would——

Mr. SCHERLE. Excuse me. I made a mistake in a figure. You received $106,000 for a training program from CAP.

Mr. O'NEIL. Yes, sir.

Mr. SCHERLE. You no longer have anything to do with OEO.

Mr. O'NEIL. No, sir.

Mr. SCHERLE. You are completely free of all strings and redtape as far as OEO, you are operating under nothing now but strictly a contract with the Defense Department.

Mr. O'NEIL. Right.

Now I would like to go back to one question you raised about the Governor, Congressman, and that is that we infer that there were some other reasons, you know, political reasons. That is not our objection. If the Governor's office is going to have the approval or the responsibility for approval, then our only suggestion is that his office be the one that we negotiate with, discuss the program with, the whole thing, rather than in this situation, it just appeared to us that it was just going through that office, you know.

Mr. SCHERLE. Well, through this contract, is the Governor still involved in this contract?

Mr. O'NEIL. No, sir.

Mr. SCHERLE. Well, then, why do you have any fear of the States, if you don't have anything to do with any elected officials anymore?

Mr. O'NEIL. Well, we don't. We were just talking about suggestions based on our experience, for things for this committee to consider.

Mr. SCHERLE. Well, I believe that as long as you are in business for profit, that as long as you are utilizing taxpayers' money, I firmly and sincerely believe that you should be responsible to someone.

Mr. O'NEIL. Yes, sir.

Mr. SCHERLE. I have little faith in the OEO, because when they send out their own auditors, to audit their own books, nobody is going to jeopardize their position or bring back anything that is not complimentary.

We have seen this too often. It is like putting a fox in the chicken house.

On page 13, and I have to agree with this:

> I have heard that the disadvantaged should participate in formulating the programs which will ultimately provide for them an opportunity to escape from the ghettos. Also, there are those who suggest that these disadvantaged individuals or groups should control and determine the instructors and the management of the programs which are directed to eliminating their despair.

I think this whole statement is extremely correct. Just to show you how ridiculous some of it is, the OEO not too long ago was paying poor people of the disadvantaged $35 a day in about seven Southern States as consultants, and I said, "Why?" And they said, "Well, who is in a better position to know the problems than the poor?"

This is more than sufficient for self-sustenance, as far as they are personally concerned, but I am like you are: If there are poor or disadvantaged, there are problems or reasons for it, unfortunate situations, emergencies, of some type, but if they are not skilled, if they are not educated, there is no way they can help their present situation, and somebody with a little bit more know-how or knowledge should be hired to assist them to where they can reach the ultimate commensurate with their limitation, so I am complimentary as far as this, and in many other areas, too.

The only thing I am concerned about initially was that as trustees of the people and the taxpayers, we have got to make sure that the money is well spent.

But I would suggest that you continue your purpose with private enterprise and see if you can't branch out into private industry. If the Government pulls out of this thing, then these people are worse off than they were before, because you have raised their standard of living, and it is too late to go back.

Mr. GAYDOS. I want to thank Mr. Scherle for his probing questions, and now Mr. Steiger, who is a Congressman from the State of Wisconsin, will take over.

Mr. STEIGER. Thank you, Mr. Chairman.

Mr. SCHERLE. You might explain to him what the frog on Lake Erie is. [Laughter.]

Mr. STEIGER. As I understood your response to my colleague from Iowa, in your statement, Mr. Vestal, on the question of the role of the State, in essence you are saying that you do not believe that it works appropriately, if the State is not involved in the earliest stages, and therefore, your recommendation really is not that the State ought not to be involved, but rather it is the quest of when the State becomes involved, so that if a judgment has to be made, there is some real basis on which the Governor can make a judgment. Is that appropriate?

Mr. VESTAL. Well, first of all, I would like to say that we have no quarrel with States' rights, and this item certainly is not to be confused with that.

From my own viewpoint, it is a matter of simplicity in the administration of the training funds. Walt, you may have reason to comment further on that.

Mr. O'NEIL. Well, I think just to go back and restate our comment, which is exactly what you said, Congressman, is that if they are going to have the authority to make those decisions, well, then, they should be the people that you are talking to initially and developing your program with. And if they have nothing to do except, you know, just sign an X, well then, we say no.

Mr. STEIGER. I think that is a perfectly appropriate point. OEO has just announced some new guidelines on the role of the State, among other things, to provide that they are involved at a much earlier stage, so that you don't go through this process of negotiating out here and then going back there and the Governor either signs it or doesn't sign it and, frankly, doesn't really know why he does either, I think, which is not a very good way of doing it, so I think in essence they are trying to move in the direction that you are recommending, and that that is helpful to the committee.

Second, what is the relationship, if I may ask the tribal representatives, between the Fort Peck tribal executive board and this venture and the Bureau of Indian Affairs, and what role has BIA played?

Mr. YOUPEE. Do you want to answer?

Mr. BAKER. Yes; as far as the Fort Peck executive board, they are the legal entity of the reservation, as far as their tribal rights, that is their tribal government, and they merely formulated Fort Peck Tribal Industries, which actually is an arm of another legal entity, to go into this venture.

In other words, to be separate and apart from the executive board, for numerous reasons. For free enterprise, to separate it from the political entity over here, and as far as Bureau of Indian Affairs, our role primarily there is to provide technical assistance, advice, and we have an area of trust and responsibility as far as their tribal moneys and their lands are concerned

This is the area that we assist them in.

Mr. STEIGER. What does BIA now do, which is simliar to the kinds of other governmental training and manpower programs that have been undertaken on the reservation?

Mr. BAKER. BIA right now as far as training, we have AVT, adult vocational training for various trades, we have OJT moneys, very limited funds in this area, we assist the tribes in these areas, but our primary role here the last few years, you might say, it would be correct to state that we have been the policy, have been the advocates of the tribes for their wishes and desires and planning their economic, socioeconomic development.

Mr. STEIGER. And what kind of job opportunities exist for the OJT or BIA-type training programs that are now carried on? What do you do with them, either the men or the women on the reservation, after they have completed their training?

Mr. BAKER. We have, as far as OJT on the reservation, BIA, we have none. The only type that is going on now is what is going on with Tribal Industries.

Mr. O'NEIL. We don't have anything there now.

Mr. BAKER. We don't have anything there, so we have not been pushing this, because there is no job assurance here. They have been using some of these training moneys in your urban areas, and your trade schools, and placing them in jobs in the larger cities there.

Mr. STEIGER. Lastly, will you fill me in a little bit about S. 2838, to establish an Office of Indian Manpower Training in the Department of Labor?

Mr. YOUPEE. This, Mr. Congressman, is an amendment that came out of the National Congress of American Indians. I think all the tribes feel like we do, that funds for Indian reservations should be funded direct and not be channeled through the State, because we have one program now that is hung up, you might say, in crossfire of State politics, and I don't know how long before this thing will be shaken loose; but, we would rather that our funds are funded direct, because like in my statement, I said we are not under jurisdiction of the State, and we see no purpose in having the funds directed to the State.

Mr. STEIGER. Who is the sponsor of S. 2838?

Mr. YOUPEE. Pardon?

Mr. STEIGER. Who is the sponsor of that bill?

Mr. YOUPEE. I don't remember offhand.

Mr. O'NEIL. I don't recall, either.

Mr. STEIGER. Thank you very much.

Mr. GAYDOS. Thank you, Mr. Steiger.

Until Mr. Meeds has an opportunity to review some of the testimony, I have several questions I would like to ask, fill-in questions, but before I get into them, I would like to ask Mr. Vestal, here you have gone through this program, you are vice president of a corporation that is apparently a succesful corporation, of which this activity is a very small facet, of the overall operations.

Now, would you do it again?

Mr. VESTAL. I certainly would.

Mr. GAYDOS. And why would you do it again?

Mr. VESTAL. Well, as we said, as I said before, we are profit motivated, certainly, and we see potentially a future in this. We also feel a very distinct responsibility, as a small part of American industry to do this, if we see we can, and, we have seen that we can. And, we have seen that we can do it successfully.

So I would say two basic things to be more specific. Profit motives, and the ability to use our resources to help the plight of the American Indian, and other disadvantaged people.

Mr. GAYDOS. Taking like circumstances and experience ratios, have you found in your experience in this project that the Indian is comparable as a source of raw labor power as any other nationality or ethnic group in this country?

Mr. VESTAL. From what I have seen so far, I would say more than, more so than the average. There again, we have been into it only some 15 months, on a program that is somewhat limited in technology. But the indications are, yes, absolutely.

Mr. GAYDOS. Chairman Youpee, you know the closest I have been associated with Indians and their problems is probably Jim Thorpe from up at Carlisle University, the great athlete, who has gained national prominence and is a historical figure. We don't have the problems in our immediate areas. It doesn't mean that we are not concerned with them.

But I can ask you, Mr. Chairman, have you experienced this to be a meaningful and valuable experience as far as helping you with one of your primary problems, and maybe an individual from the Bureau of Indian Affairs could comment, that you would encourage activities such as this?

Could you, or would you, like to enlarge it, and have you had the—has the Indian reservation benefited from the activities of these gentlemen?

Mr. YOUPEE. I will let the superintendent here talk first, and then I will answer.

Mr. BAKER. I think that one area that has been most significant to the Indian people there, and I have a special feeling for them, because

I am also an enrolled member of the tribes in North Dakota, is that here for the first time a corporation from free enterprise have identified themselves with a group of people here, Indian people, and this has given more than the statistics here that we have been jockeying around with.

They have identified them as a meaningful person into the society, and it has pulled in various facets on that society, of that area, that have never before been done, non-Indian community groups, church groups, and it has pulled these forces together to emerge in regaining their identity.

Another interesting area that the tribes are exploring right now is in the area of law and order. They are exploring training moneys to regain these police officers, because 80 percent of their time in that area is primarily problems in domestic, social problems, public relations, communications. We have very little training in this area, so this is another area that they are going into.

They have made some contacts here in the last couple of days. Enforcement per se for these police officers is darn good, in the 20-percent area. This has probably been overemphasized, but to regather the social graces that have heretofore been overlooked; this is the area concerning our police officers who are without any question our agents for 24 hours a day on the streets, but very little training has been focused in this area. And this is another area in which the tribes are very interested, to regain the human dignity and make for a viable community, in the cross-cultural conflicts we have had.

So these are things we can't put price tags on, and I think Tribal Industries, per se, has been seriously looking into this area, also.

Mr. GAYDOS. Thank you for a very informative response.

Mr. Meeds, from the State of Washington, may have some questions.

Mr. MEEDS. Thank you, Mr. Chairman.

Gentlemen, the reason I am late is that I have been all morning in a meeting with the Commissioner of the Bureau of Indian Affairs, with regard to Indian education, economic development, and the realinement which is presently taking place within the Bureau of Indian Affairs, and so I beg your indulgence for my not having been here to hear your prepared testimony.

I have a very general question, and the way I see it touched on here by both the testimony of Mr. Vestal and Mr. Youpee, perhaps you would each like to answer it in your own way.

I think, Mr. Vestal, you in your testimony said something to the effect that we have to not only provide training but jobs as well, and I guess my question goes to the basic question of whether we ought to at this time enact any manpower legislation which would have the effect of holding out the promise of jobs to people, when our economic system, under which we are operating, at least in the present time, does not hold that promise, at least, to me.

We have a rising unemployment rate, and it seems to me that under such circumstances, until we can get our economy under control, and can cut down the unemployment rate, there is very little chance, even assuming we do enact manpower programs, that they are going to have the ultimate goal of finding a job for someone, because jobs just aren't available.

Would you like to comment on that?

Mr. VESTAL. Yes, sir; I would.

I still go back to my statement that training without jobs is meaningless.

Mr. MEEDS. Frustrating, too.

Mr. VESTAL. Completely frustrating and a complete waste of taxpayers' money. I can use a specific example of this. A few years ago, I had an opportunity to receive the graduate list of one of our Job Corps Centers, which is now closed, and I desperately needed aviation technicians—desperately. I was spending thousands of dollars trying to recruit them. I didn't find one aviation technician on a list of 400 names. I found lots of cooks and bakers, and things that I didn't need, nor did I have any awareness that there was a need for those graduates anywhere in industry.

So as far as I am concerned, the money spent for that training was completely wasted.

So, again, going back to this, if there is a possibility that the unemployment setup, that no programs, government programs, if you will, are available for this, then certainly I would suggest that we not spend money to train someone for a job that does not exist.

Mr. MEEDS. There are some good aspects. First of all, all of these bills are good bills, in the respect that they consolidate the manpower programs, and place more authority in the Secretary of Labor, which I think needs to be done. But it seems to me that perhaps we ought to divide our efforts, and just have a bill which goes to the modernization, the consolidation, the Job Bank concept, and certainly not get into it this time the promise of holding out jobs to people, because they are simply not there, and I am glad you mentioned aviation technicians.

If you want aviation technicians now, all you have to do is go to the State of Washington, where you will find about 16,000 of them unemployed.

Mr. VESTAL. Yes, sir; I know.

Mr. MEEDS. And that is what brings this to mind.

Mr. VESTAL. Mr. Meeds, if I may, the ultimate goal of this problem that we are involved in in Fort Peck, of course, is to get less dependent upon government procurements, and more dependent upon commercial items, products and services, if you like.

But to do that, it has to be started, in our judgment, or, it needs to be started, with a Government procurement under 8–A, as we have said in our testimony. But, to continue it, the ultimate objective of using 8–A is designed by the Small Business Administration to put small businesses, such as this, so that they can provide mainly for employment, particularly to disadvantaged persons. But then, the obligation on the part of that small business, together with us (Dynalectron), if we are participating with them, our obligation is to put them in a commercial environment just as soon as we can or as soon as it is feasible.

But to delay starting that, on an across-the-board situation, is to delay the ultimate objective being achieved.

Mr. MEEDS. Would you like to comment on my very general question, Mr. Youpee?

Mr. YOUPEE. I don't think I would speak out on it any further than what Mr. Vestal stated, Mr. Congressman.

Mr. MEEDS. Thank you very much, gentlemen.

Mr. GAYDOS. Is that all, Mr. Meeds?

Mr. MEEDS. Yes; thank you, Mr. Chairman.

Mr. GAYDOS. Mr. Collins, from the State of Texas.

Mr. COLLINS. I was sorry I didn't get here earlier to hear about this, because we have all been interested in this program that you have. This is one of the real success programs, and I agree with the statement that you made about the way to really get people involved is to have a job.

You know, we have had this Job Corps program, where we go off and do a vague sort of a training, and then when we finally get through, we only have 20 percent of the original applicants that end up with a job.

Well, specifically, now, what percentage of the people that we have started here, that we have trained, have stayed on positions there in this work?

Mr. VESTAL. Go ahead.

Mr. O'NEIL. To answer that, we covered it a little bit earlier.

Mr. COLLINS. I am sorry I didn't hear it. I hate to repeat.

Mr. O'NEIL. I will try to recall the exact figures. I believe it was 40 people out of 123 that have been with us from December of 1968 through today.

Mr. COLLINS. The whole time.

Mr. O'NEIL. Yes, sir. There is another 30 to 35 people that have fallen out of the training program for one reason or another, and——

Mr. COLLINS. Are they with you very long, or can you tell pretty quickly whether they are adapted or not?

Mr. O'NEIL. Well, like the 35 that we are talking about they are with us today.

Mr. COLLINS. Well, that is one-third of your group stayed, went the route?

Mr. O'NEIL. Yes, sir. But some of them have fallen out, and then we have been able to induce them to come back.

Mr. COLLINS. To bring them back.

Mr. O'NEIL. Then there is another group that we trained and employed for some time, and were good employees, but they are now employed by AVCO, over at——

Mr. COLLINS. That is a good thing you are doing, though. I like to see that, where you can train people to make such a skilled man out of them that we can put them in other industry. How many have gone that way, would you say?

Mr. O'NEIL. I believe there are about 17.

Mr. COLLINS. So that has been one contribution.

Mr. O'NEIL. Yes, sir.

Mr. COLLINS. Now, how long does it take you to tell whether a person is going to make a good hand or not, whether or not you want to keep them, or whether or not they adjust to the job?

Mr. O'NEIL. Well, our experience—of course, that is an individual judgment—but our experience at Fort Peck is that all of these people have been the type that we have wanted, and have been successful in making the conversion from prior unemployment to whatever we expected of them in industry; but the ones that fall out—it is because of a personal social problem, whatever it may be, the various reasons that we located, but as far as making a judgment on whether we want them or not, it is a very short time, really.

Mr. COLLINS. What would you say about the job adjustments? Do we have any problems there? Can you see with these people going into it?

They have never done mechanical or industrial work of any type before; have they?

Mr. BAKER. No.

Mr. COLLINS. It is just a completely new field. What is the absenteeism?

Mr. BAKER. Walt, do you want to answer that?

Mr. O'NEILL. Yes; the turnover rate at the industry last year, as we talked about before, earlier, was 240 percent, which is shocking and alarming, but as we said, when we started this project, based on the experience of other people, we tried to talk to other companies that had been involved in employing the disadvantaged, and they said, "Gosh, one of the biggest things you are going to have is absenteeism and turnover, so you had better look at it and recognize it,"—so we did, and we had a program where we were, No. 1: going to overhire, hire more people than we needed, and we were prepared to go into a multishift, to take care of production backlog that might occur from absenteeism on one station.

The next thing was overtime, where necessary. Then the other thing that we did is—we went into a more extensive cross-training program than you would normally in industry when you are dealing with experienced people. What this would do—if we had several people out from one work station, we just simply transferred some of those from another work station and kept the overall production flow moving, but now, this year——

Mr. COLLINS. What is the absenteeism, though? Is it a very bad problem?

Mr. O'NEILL. Yes, it still continues to be a problem, until it gets to about 5 percent, and then——

Mr. COLLINS. You won't get down that low. What causes absenteeism?

Mr. O'NEIL. Well, I think personally, and I will let Mr. Youpee and Mr. Baker have their say, but I will say what I think—I think that on the reservations their single largest, toughest social problem is the problem with alcohol, and I think that this is something that has developed over years of unemployment and frustration and despair, and they had little to turn to to release their despair and frustration, except alcohol, so I think drinking is the single largest problem that they have, which is the contributing factor to absenteeism. I will let Mr. Youpee and Mr. Baker answer.

Mr. COLLINS. Is that a problem out there?

Mr. BAKER. I would say that it is one of the major contributing problems, yes. You have idle hands and idle minds.

Mr. COLLINS. Do you have a drug problem with these people?

Mr. BAKER. No, I would say not.

Mr. COLLINS. Not at all?

Mr. YOUPEE. No.

Mr. COLLINS. Let me ask you, there is no differential between men and women? Everything today, you just keep reading it all the time, that we treat everybody exactly alike, among workers. Frankly, is there any difference in their productivity, or their absenteeism, or anything else? What percentage of women employees do you have?

Mr. **Baker.** Walt?

Mr. O'**Neil.** We have about 40 percent women.

Mr. **Collins.** You are giving them a real good chance. Is there any difference in their productivity?

Mr. O'**Neil.** There are some jobs that women do better than men. Intricate assembly work, they do much better.

Mr. **Collins.** Yes, that is true. We have seen that. I was out at Texas Instruments, and I noticed they were using them on it, because they have more patience.

Now what about their absenteeism?

Mr. O'**Neil.** I would say that it is about the same, which is rather surprising.

Mr. **Collins.** Usually women are more consistent.

Mr. O'**Neil.** Yes, sir.

Mr. **Collins.** But you do hire 40 percent, so you have made it a policy here to give them an equal opportunity, literally, on jobs?

Mr. O'**Neil.** Well, I don't know whether it was equal opportunity, but we felt that there were jobs that they could do better than men and be more productive. Of course, you always have the requirement to comply with equal opportunity.

Mr. **Collins.** That is right. This has been a very, very interesting program. I appreciate it.

Thank you, gentlemen.

Mr. **Gaydos.** Thank you, Mr. Collins.

President Youpee, and Mr. Vestal, and Mr. O'Neil, our representative from the Bureau of Indian Affairs, I would like to have your name on the record. I missed it up here.

Mr. **Baker.** Anson Baker.

Mr. **Gaydos.** Mr. Baker, I express, I am sure, the feelings of the chairman, who unfortunately was called away, of this subcommittee and all the members of the subcommittee that appeared in and out during the hearing, the deep appreciation for all of you taking your time to appear before this committee.

Now, although some of the questions were somewhat probing, and I hope you don't misinterpret them, because I am sure they were offered with sincerity, and this is how we do business here. It is the only way we can do it, in order to gain a cross section of the opinions and the experiences of individuals throughout the country.

Again, I know if the chairman were here, he would express himself in like terms. Thank you for coming. It has been my pleasure to ask you some questions and to hear your testimony, and I am sure it is most meaningful; it is all going to be part of the record, and I hope that sometime you come back again, when we need you. Thank you very much.

The hearing stands adjourned at this time.

Mr. **Vestal.** Thank you, Mr. Chairman.

(Whereupon, at 11:17 a.m., the subcommittee recessed, subject to the call of the Chair.)

MANPOWER ACT OF 1969

MONDAY, APRIL 20, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:05 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Hawkins, Scherle, and Quie.

Staff members present: Daniel H. Krivit, counsel; Charles W. Radcliffe, minority counsel for education; Loretta Bowen, clerk; and Cathy Romano, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order. This morning we continue with hearings on pending legislation to establish a comprehensive manpower program to afford an opportunity for employment to every American seeking work, consistent with his skills and potential.

Our first witness this morning is Hugh Calkins, Chairman of the National Advisory Council on Vocational Education, accompanied by Dr. Robert Worthington and Dr. Calvin Dellefield, executive director.

STATEMENT OF HUGH CALKINS, CHAIRMAN, NATIONAL ADVISORY COUNCIL ON VOCATIONAL EDUCATION; ACCOMPANIED BY DR. ROBERT WORTHINGTON, COUNCIL MEMBER; AND DR. CALVIN DELLEFIELD, EXECUTIVE DIRECTOR

Mr. Calkins. Mr. Chairman, I regret that Dr. Worthington is delayed in a flight and will be here later.

Mr. Daniels. That is certainly understandable. You may proceed.

Mr. Calkins. We are pleased to testify this morning on what we regard as the most important group of bills before the House at the present time.

We testify in qualified opposition to all three of the comprehensive manpower proposals which have been introduced. I say qualified because there are many features about all three of the bills which we warmly endorse. We are very much in favor of the principle of coordination which runs through all three of the bills.

We are very much in favor of the principle of planning at the local level for metropolitan areas and at the State levels for areas which are not so densely populated, which is found in Congressman Ayres bill.

We believe that there is currently much too much overlapping, duplication, confusion, in the administration of manpower programs, and we are sure that the Congress will want to adopt some kind of legislation which will bring order to the present chaos.

The second thing which we feel quite confident of is that there will be in the next few years substantial progress in enlarging the size of our effort to deal with long-term employment.

During the sixties we have wrestled with that problem by attacking what we in the advisory council call the pool of unemployed.

We have spent $1½ billion, are currently spending $1½ billion a year in a whole galaxy of programs designed to rescue adults who are unemployed over long periods of time, many of whom are disadvantaged by cultural limitations, health limitations, or education limitations.

These programs try to enlist these people in programs, find them jobs, and follow up after they have been employed. We are very much in favor of that approach to what we regard as one aspect of the problem, but we believe that is only an approach to one aspect of the problem and by itself it will never succeed.

The reason it will not succeed is that it is a little like trying to clean up the lake you don't want by pumping out the water without damming up the stream that is feeding the lake.

The programs that we now have concern themselves with the pool, but they do not concern themselves with the steady flow of young people into the pool, young people who lack the skills and training and background and attitudes that are necessary for employment.

One of the things which we now know fairly clearly is that our rather expensive efforts to deal with the problem of the pool of unemployed have not in fact significantly reduced that pool despite the period of rather unprecedented prosperity and the unprecedented tight job market and low unemployment figures which we have enjoyed until very recently in this country.

We have in our prepared testimony, which I assume will be a part of the record, done the best we can to collect national figures showing that nationally the pool of long-term unemployed has not declined.

I know from figures in my home city of Cleveland that the $15 million spent each year on manpower programs there have not been successful in reducing the pool of long-term disadvantaged unemployed below 23,000 which it was at the beginning of that period.

Every year those programs find jobs for something like 8,000 people, of whom something like 4,000 or 5,000 stick with the jobs and seem to be more or less permanently lifted out of the pool.

But every year there flows in the pool about the same number of people, a few of them in migrants to Cleveland, but most of them products of the Cleveland school system, most of them dropouts from the Cleveland schools, who come into the market at 17 or 18 without the training skills they need to hold jobs.

I think there is widespread recognition that it is not a sensible policy in this country to spend $1½ billion dealing with the pool when our effort in dealing with the flow is as small as it is.

In our prepared testimony, we try to add up the number of dollars that are spent for the flow, and that is a little difficult, because in a sense all of the Federal moneys that go into education in one way or another, most of them, are directed to this problem of the flow.

You could say that Headstart was designed in this direction if you wanted to. But if you look just at the dollars which are specifically targeted on this, the dollars under the vocational amendments, our arithmetic shows there are only about $65 million, a really trifling sum compared to $1½ billion of Federal money which is aimed directly at the problem of dealing with the flow.

For the most part, we still have the problem of the flow to State and local governments, and for the most part State and local governments don't do a very good job of trying to avoid dumping into the pool every year thousands and thousands of young people who don't have the attitudes and skills that are necessary.

Now we believe that perhaps the basic reason why we have not yet done it, begun to deal effectively with the flow problem in this country is that we have not decided how best to go about doing it.

The comprehensive manpower bills which are before you, some of them, propose a method of dealing with that problem, and we do not think that it is a good method.

The Ayres bill and the Steiger bill both define as the target population people who are 16 and over. This would be a substantial extension of the present concept of manpower because the present manpower programs in general are targeted at a somewhat older group of people, the people already in the pool of unemployed, but it is clear to those who have worked in the manpower program that we must do something more effective with the 16- to 20-year-old group.

We must somehow cut down this flow of young people into the pool, and the proposal as we understand it, at least under two of these bills, is that this be done through the manpower programs.

We believe that for the United States to concentrate its efforts at this flow problem through what are now conceived to be manpower programs would be a tragic mistake.

We think it would be bad educationally, and we think it would be a terrible waste of a very scare national resource, which is Federal dollars.

We think it would be a mistake educationally, because we think it would create essentially a dual educational system. That is, it would create a system in which the public schools, supported largely by State and local funds, provide career training for those who are pretty successful educationally, for those who are going to go on to college, for those who are going to go on to 2-year community colleges, for those who are going to become technicians, for those who make the grade educationally.

For those others those who do not find schooling so easy, there would be a substitute system, run by the Labor Department, run by a local prime sponsor who, under the Ayres bill, would be the mayor, a kind of a backup system for the kids that could not make it in the regular system.

Now, I come from a school district in Cleveland where more than half the population is of a minority group, and one of the things I am most aware of is that group of young people have very high goals and ambitions.

They have high educational goals and ambitions.

In general, the minority people in this country have higher educational aspirations than do the white majority in this country, and to create a system in which we try to deal with unemployment among an urban black population by creating essentially two educational establishments, one for those who make it and one for those who don't, is doomed to fail.

There are some minority group young people in Cleveland who are glad to enroll in skill centers and manpower programs at the ages of 16 and 17, but the overwhelming majority of the disadvantaged young people in the city of Cleveland and in every city in this country want a high school diploma, or a college diploma, or a certificate from a post-high-school 2-year institution.

They don't want a second-class education. If we create a system in which the responsibility for career training for those who will go directly into employment at the ages of 16, 17, 18, or 19, is responsible in a backup system run by the Department of Labor, and the mayor, designed for those who would otherwise be unemployed, it will simply fail.

The second reason why we oppose a plan which will create this kind of separate backup system for career training for those who are going directly into employment at ages 16 or 17 is that it is terribly wasteful of Federal money.

We now have an educational system in this country in which most of the costs, something like 88 or 90 percent of the costs, are paid by State and local governments.

One of the groups whom State and local governments are not serving but who would serve, are those who drop out of school before they graduate.

If the Federal Government gets into the business of trying to provide career training for that group of young people, then their entire educational cost will be borne by the Federal Government.

Under the Ayres bill, to make the problem even worse, it is mandatory that the Federal Government pay stipends for those who are in training, and if we assume that the training costs will be $1,500 a year and the stipend cost will be $1,500 a year, we have cost of $3,000 for each young person trained, and all of those dollars are Federal dollars.

Now by contrast, if we have a system which tries to resolve this very real problem by using the public school system, by using the State and locally supported 2-year institution which pick up then at the end of the 12th grade, by so using the community colleges, we will be using the system in which most of the costs will be paid by State and local governments.

I say most of the costs, because it is clear to us that some part of this must be paid by the Federal Government. It simply costs more to provide the kind of career training that a carpenter needs or a machinist needs or a technician needs, or a data processing operator needs than this does to provide the kind of career training that a future teacher needs, and because these additional costs are associated with occupational career training it is essential that the Federal Government, or the State governments, or both, subsidize these extra costs.

Moreover, when we try to deal with the disadvantged population, there are additional costs that are involved, and recruiting the young people who have dropped out of school helping them get the kind of basic education and attitudes they need, finding jobs for them, following them up when they are on the jobs, these are the kinds of costs which in the manpower bills programs build up per capita costs to $1,500 or frequently $3,000 and sometimes even $7,000 in some programs.

If the public school systems and the community colleges are going to deal effectively with the problem of disadvantaged people 16 through 20, they must have substantial Federal subsidies, but Federal subsidies used in that form will go, we calculate, about four times as far as Federal moneys under the Ayres bill or under the Steiger bill.

If the Federal Government pays all the costs, it is going to cost the Federal Government something like $3,000 per student. If the Federal Government will say to the community colleges and public school of the country, if you will operate career training programs for young people 16 through 20 who meet disadvantaged criteria, we will pay you the extra cost of those programs, then for every student enrolled the state will make its normal contribution of $750 for or so per pupil, the State and local governments, and the Federal Government will only be called upon to pay the excess over that.

If the cost of the program is $1,500 a year, the cost to the Federal Government would be $750, which is 25 percent of the $3,000 it would cost under the O'Hara or the Ayres bill which is the source of my 25-percent figure.

Federal dollars are scarce. It will be very expensive in this country to deal with the problem of career training for this group of young people who constitute the flow into the pool of unemployment. It is extremely important, in our judgment, that the Federal dollars not be wasted, and it is extremely important that they be used in a way which will draw forth as many State and local contributions as is possible.

We are convinced that if the Federal Government will pay the primary resource—not the sole resource, because there are some kids who are so turned off by school that they ought to go to some other institution—but the primary resource for dealing with career training for people 14 to 17 who constitute the flow into the pool of the unemployed, it is going to be the public school system, the secondary institutions and the community colleges.

If the Federal Government will say that, the Federal dollars will harness themselves to State and local dollars and together accomplish the job within what the Federal budget will allow.

Now in order to make that possible, we propose one major change in the Ayres bill and the major change is to substitute for the local prime sponsor, who is the mayor in the concept of the Ayres bill, a local agency, the local agency to be composed of the mayor, the superintendent of schools, the president of a community college most concerned with the problem, perhaps a representative of the State employment service, possibly in many communities somebody from the business community or the labor community.

That agency would have the responsibility for preparing the local plan, and it would hire a staff which would administer the local plan.

The staff would report to the agency.

The local plan would have to be approved by the State, by the manpower authorities in the State, and at the Federal Government level by the Department of Labor and by the Department of Health, Education, and Welfare.

There are objections to substituting an agency like the mayor and we are aware of and have considered these objections.

It is often said that a committee can't effectively reach a decision, and the example of CAMPS is used to show that our proposal won't work.

We do not accept the example of CAMPS as a relevant example, because CAMPS is an attempt to coordinate in which the coordinating body is given no authority.

We agree that you don't get very far if you take a group of different government units, each of whom has its own budget and say to them, you cooperate, but we are not proposing that.

We are proposing that you create an agency composed of people who occupy responsible positions in various units of government, and then you here give some money to that agency, and you attach a string to the money and you say, you can't have the money until you agree upon the program.

The money which we contemplate would go to the agency would include the one and a half billion of Federal money now going into manpower programs and such Federal money as goes into the problem of the flow at the moment, which is the $65 million I mentioned of vocational education money, and perhaps the several hundred million that goes into the neighborhood youth program.

That agency would have the authority to spend that money and such additional money as Congress added to the available resources as time went on, and the agency could not get the money until it had reached agreement, and there could be appropriate appeal procedures, such as the Ayres bill now provides.

We believe that this kind of a pattern would accomplish the purpose which we have in mind, which is to require that the mayors sit down with the superintendents and with the community college presidents and develop a workable plan for dealing with not only the people in the pool, but also the people in the flow.

We believe that this kind of required agreement between the manpower people locally, the mayor and the school superintendent and the president of the community college, will correct some of the abuses which we now find under manpower programs, and correct some of the abuses which we now find in educational programs.

The abuse that bothers us in the manpower programs arises when a local manpower administrator as has happened on a number of occasions throughout the country, makes a contract with a private concern for performing the same functions which is essentially being performed by a public agency at a cost three or four times as much per student as the public agency in expending, and the private contractor, of course, can be successful, because he can hire away the best people from the public agency, but the net effect is not a contribution to improving performance.

At the educational side, we think that this required consultation or rather this required agreement—between the superintendent and the mayor is what a great many school superintendents and college presidents in this country need.

There are far too many school systems in which the school authorities tend to wash their hands of career training for people who don't find school easy. There are too many community colleges who are trying to turn themselves into 2-year liberal arts colleges.

If a local plan to be approved by an agency consisting of the superintendent, the president of the community college, the mayor, the head of the employment service, if that kind of a requirement is imposed on localities, we think will at last have what the country needs, which is a method by which the school systems can be made to really look hard at the fact that they are turning out these many thousands of young people without basic training skills, and the mayors will be able to exercise effective pressure on the school systems and the community colleges to cause them to perform the function that they ought to perform.

This will not be a large change in the Ayres bill, but it will be one which we believe has enormous significance for the success of this country in achieving what we all want, which is a period during which this pool of hard-core unemployed that has stuck with us so long at last begins to decline.

That won't happen until we have a system which begins to shut off the flow of people into the pool, as well as a system that helps people out of the pool when they are there.

Dr. Dellefield and I will be happy to respond to questions. I think Dr. Worthington has not yet made it, and I apologize to you. He would have added comments on how this problem appears from his standpoint.

Mr. DANIELS. Mr. Calkins, before we continue, I would like to insert your written statement in the record.

(The document referred to follows:)

STATEMENT OF HUGH CALKINS, CHAIRMAN, NATIONAL ADVISORY COUNCIL ON VOCATIONAL EDUCATION

The National Advisory Council on Vocational Education was created by the Congress through the Vocational Education Amendments of 1968, Public Law 90-576. It is composed of persons appointed by the President from diverse backgrounds in labor, management, education and the general public. It is charged by law to review the administration and operation of vocational programs, including their effectiveness in meeting the purpose for which they were established, in order to advise and make recommendation to the Commissioner of Education, the Secretary of HEW, and the Congress.

The Council has felt compelled to take a stand on the comprehensive manpower development proposals presently before the Congress, because it feels that the interconnectedness of vocational education and manpower development in the occupational preparation effort of the nation should at last be realized and planned without conflict.

The Council testified on February 9 before the Senate Labor and Public Welfare Subcommittee on Employment, Manpower and Poverty chaired by Sen. Gaylord Nelson (D-Wis.). In mid-April, the Council will also present its position before the House Education and Labor Select Subcommittee on Labor, chaired by Rep. Dominick V. Daniels (D-N.J.).

The thrust of the Council's position is in favor of modification of the manpower bills in two major respects, to make them truly comprehensive—expand the concept of the local plan to enable and require communities to focus effort toward reducing the flow of untrained youth as well as reducing the pool of unemployed; expand the authority for implementing the local plan so as to include the superintendent of schools and the heads of the appropriate post-secondary career development institutions.

As presently proposed, the manpower measures provide only for those already unemployed and vest authority over the local plan in the mayors. The Council believes such an arrangement will inevitably create a dual school system, casting the disadvantaged in the role of second-class citizens, while absolving the regular school system of responsibility.

The Council's recommendations also call for a change in the funding formula. It is our contention that a significant reason for reluctance on the part of local school systems to expand vocational programs is the added cost over average per-pupil cost for general education. We propose the Federal government finance only this higher portion—a significant saving to it over fully-financed manpower programs.

We hope you will review the six specific recommendations for remedying what we see as the major weaknesses in the manpower proposals, as set forth in the attached position paper. No reply is necessary, but we would of course welcome your comments and will be pleased to answer any questions you or your staff might have.

Position Paper on Comprehensive Manpower Development Legislation, by National Advisory Council on Vocational Education

I. THE BACKGROUND

Since the beginning of this decade, it has become more widely recognized that the unemployment problem of the United States, is primarily a problem, not for the population as a whole, but for a segment which lacks the skills and preparation necessary to get and keep available jobs in an increasingly technological society.

The Federal government has responded to this problem primarily through an array of programs directed at those who are already unemployed. In fiscal 1970 these programs account for approximately $1.5 billion of Federal expenditures. The Manpower Development and Training Act, which includes Institutional Training, On-the-Job Training, etc., is budgeted at approximately $733 million. The Economic Opportunity Act, which includes Job Corbs, Neighborhood Youth Corps, New Careers, etc., is budgeted at approximately $842 million.

These programs have had some success in finding jobs for the unemployed but have not had significant effect in reducing the overall numbers of unemployed men and women. In October 1969, for the second consecutive quarter, Labor Department statistics reported that the unemployment rate in the poverty neighborhoods of the nation's 100 largest cities (5.7% as compared to the overall rate of 3.5) had shown no over-the-year improvement. The spread between white and non-white unemployment averages has also been unaffected. In 1961, prior to the MDTA and EOA legislation, the non-white unemployment rate (12.4%) was approximately double that for whites (6.0%). In 1968, after both programs had been operating, the non-white unemployment rate was 6.7% as compared to 3.2% among whites, still more than double.

The reason the annual expenditure of $1.5 billion has not reduced the pool of unemployed people is simple: The number of men and women who are lifted out of unemployment through the manpower programs is almost exactly matched by the number of young men and women who enter the job market without the skills and preparation necessary to qualify them for employment.

National statistics relating to the flow of unqualified young people into the job market are difficult to compare numerically, though the unemployment rate among this group seems to be commonly agreed. For instance, Daniel Schreiber, in an article in *American Education*, June 1968, placed the figure at 700,000 dropouts per year prior to high school graduation, 17.4% of whom remained unemployed. In the *Statistical Abstract of 1969* the cumulative dropouts between 16 and 21 years of age are listed at 2,734,000, with their rate of unemployment given at 17%.

The inescapable conclusion is that this nation will never reduce its pool of unemployed until it gives as much attention to prevention as it gives to remediation. The Federal government is currently investing $1.5 billion a year toward reducing the pool. What is it investing in reducing the flow?

If that question is regarded broadly enough, the Federal effort may be seen as substantial, for much of the Federal support for elementary and secondary education, headstart, health and welfare can be viewed as aimed in part at a reduction of the flow of untrained people into the job market. But if those Federal programs which are *directly* aimed at the potentially unemployable are considered alone, the Federal effort is pitifully—one might say foolishly—small.

Total Federal appropriations for vocational education in fiscal 1970 will probably amount to approximately $250 million. Of this amount, 15% or about $37.5 million, is required to be devoted to young people and adults whose academic, socioeconomic or other handicaps would potentially prevent them from succeeding in regular vocational programs without special counseling, tutoring, or other support or assistance. Some of the balance is used to support vocational education in big city and rural areas where concentrations of unemployed youth are found, but the available statistics indicate that as yet such pockets of youth unemployment receive certainly no more, and probably substantially less, than their pro rata per pupil share of the remaining $212.5 million of vocational education funds.

If we estimate the potentially unemployable portion of the youth population to constitute 20% of the total youth population, and estimate that this group receives 80% of the 15% earmarked for disadvantaged youth and adults, and 75% of its pro rata share of the balance, the sum total of the direct Federal effort to reduce the flow can be calculated as follows:

Earmarked funds—80 percent×$37,500,000	$30, 000, 000
Other funds—75 percent×20 percent×$212,500,000	32, 000, 000
Total	62, 000, 000

This is less than 5% of the $1.5 billion of Federal funds allocated to the problem of the pool.

The lack of Federal funds to deal with preventing this problem, as contrasted with the availability of Federal funds to deal with remedying this problem, has consequences in communities throughout the United States which can only be described as extraordinary. For instance, at the Woodland Job Center in Cleveland, there have been, side by side, two programs. One, aimed at young adults who are already unemployed, is financed by 100% Federal dollars. The other, for youth not yet unemployed, but destined to be if they are not trained, is conducted with 100% local dollars.

The National Advisory Council on Vocational Education believes that these conditions are wasteful and inefficient. If we are to make a significant impact on unemployment in the United States, we must work to prevent the problem of the flow of untrained youth at least as hard as we work to remedy the problem of the pool of the unemployed.

II. THE PROPOSED MANPOWER LEGISLATION

When viewed in the light of this background, the legislation proposed to the Congress relating to comprehensive manpower development programs is clearly deficient.

The proposals embody several principles of unquestioned validity:

(*a*) The proposals contemplate the coordination of presently scattered, overlapping, confusing and duplicating arrangements in the manpower field for recruiting, training, counseling and placing unemployed adults and youths.

(*b*) The Javits-Ayres Bill, S-2838 and H.R. 13472, contemplate a locally-developed plan in metropolitan communities and a state-developed plan in less-populated areas.

In the opinion of the National Advisory Council on Vocational Education, the proposals are deficient in two major respects:

1. The proposals require a plan to deal with the pool but not with the flow

All of the comprehensive manpower bills which are now before the Congress purport to deal with "manpower" programs. "Manpower" is defined broadly, it is true. In the Javits-Ayres Bill, for example it embraces basic education and institutional training, as well as job development and other activities traditionally associated with manpower programs, for "unemployed, under-employed, low-income or otherwise disadvantaged persons 16 years of age or over who are not adequately prepared for suitable employment in their area of residence."

Despite the latitude that this definition suggests, it seems clear that the focus of the legislation is on the kind of problems which are traditionally regarded as "manpower" as distinguished from those traditionally carried out by secondary schools, area vocational schools, technical institutes and community colleges. This becomes most clear when the stipend arrangements are considered.

Section 109 of the Javits-Ayres Bill *requires* that substantial stipends be paid to all participants of the program. Since it must be assumed that the sponsors of the bill do not intend the Federal government to pay substantial stipends to all low-income students enrolled in high schools, the inference is that the plan which is to be prepared by the local prime sponsor and by the state is a plan for those adults and youthful dropouts who require stipends for the support of themselves and their families while they are receiving training.

In our view it is extravagant nonsense to confine a plan to reduce unemployment to those programs which include only those people needing stipends for support. To attack the problem of unemployed by concentrating on the pool while **paying no attention to the flow is like designing an expensive plan to drain an unwanted lake without diverting the river which feeds the lake.** Surely, an intelligent approach to eliminating structural unemployment in a community should design means to reduce the flow of untrained youth into the ranks of the unemployed as well as means to help those who are already unemployed find jobs.

It is dangerous to plan half a campaign. The danger arises not merely from the fact that the unplanned half may be badly conducted. It arises also from the fact that the planning process itself concentrates a perhaps unwarranted proportion of attention on the part of the campaign which is being planned. Requiring local communities and states to plan their manpower programs, while permitting their preventive programs to continue helter-skelter, can only lead to a further concentration of attention and resources on the remedial programs at the expense of the preventive ones.

2. *The proposals exclude educators from the planning. By doing so, they will tend to create a separate training system for disadvantaged youths which will be a disaster both educationally and financially*

The Javits-Ayres Bill makes greater provisions for participation by educators in the planning of manpower programs than the other proposals before the Congress. Under the Javits-Ayres Bill, local and state agencies are required "to the fullest extent possible" to utilize the services and facilities which are available from schools and community colleges. Those aspects of the plan "which are of a health, educational or welfare character or which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare" require the concurrence of the Secretary of HEW as well as the approval of the Secretary of Labor. School administrators and community college officials are required to be included in the advisory committee which will consult with the local prime sponsor. State educational authorities may be included, and in the discretion of the Secretary of Labor may be required to be included, in the comprehensive state manpower agency.

While the Advisory Council welcomes this awareness of the importance of the role of the schools and post-twelfth grade institutions, we do not believe these provisions are an adequate substitute for fixing responsibility where it belongs. There is a world of difference between advising the man who has the responsibility and sharing the responsibility. In too many communities, vesting responsibility for overcoming unemployability in City Hall will lead the school superintendents and area vocational school, technical institute and community college officials to wash their hands of their responsibilities. A comprehensive local plan for preventing and limiting unemployability should be prepared by a staff which reports to an agency in which manpower and education authorities both have *effective* voices.

The sponsors of the pending manpower proposals appear to be motivated by a belief that educators are too often failing to meet their responsibility for preparing the disadvantaged for the world of work. The Advisory Council does not quarrel with this conclusion as a statement of fact. We believe, however, that it is a tragic mistake to draw from the fact the conclusion that the responsibility should be shifted elsewhere.

Such a shifting of responsibility would discourage and weaken the substantial and growing number of educators who do recognize and meet their responsibility to prepare the disadvantaged for employment. It would encourage and strengthen those who cling to the out-moded idea that the only worthy education is the one capped by a baccalaureate degree.

There are two reasons why encouraging educators to abdicate their responsibilities for the vocational training of disadvantaged youths will be fatal to the national effort to eliminate unemployment. One is educational; the other is financial.

The educational reason is that many of the young people who constitute the flow into the pool of unemployed bitterly and properly resent the implication that they should be trained in programs for second-class citizens. They want a high school diploma, not merely a skill center certificate. They want access to a community college, not a manpower institute for unemployables. They want to keep their options open, not close them by climbing off the college opportunity ladder when they are fifteen. As the Coleman Report has confirmed, the young people are right: The disadvantaged will learn more and faster in the mainstream than in separate institutions designed for them alone.

The proposal that mayors should have responsibility for the basic education and job training of 16 and 17 year olds in programs in which stipends, fully furnished by the Federal government, are mandatory, is a frightening one. The prospect that this legislation will create in cities and other low-income areas a dual system of education, in which the schools will serve the successful while City Hall conducts at Federal expense programs for the unsuccessful, is a real one.

The cost to the Federal government of operating such a system would be startling. It is a fair estimate that the flow of untrained youths into the unemployed pool amounts to about 750,000 young persons each year. For the Federal government to train half this number of young people, at an estimated cost of $1,500 each, and to provide a stipend of about the same amount to each, would cost the Federal government $1,125,000,900 each year. By contrast, if improved vocational education in the nation's high schools could lure the same number of students back into the schools, and if the Federal government were to pay the additional cost of the vocational education program, as the Advisory Council recommends, the cost to the Federal government would only be 25% as high. Federal dollars will go much further when they are matched by state and local dollars through vocational education conducted in the school systems, area vocational schools, technical institutes and community colleges than they will in the support of a separate, Federally-financed set of training institutions for the disadvantaged.

The statement of purpose of the Javits-Ayres Bill provides that "The public and private educational system has the major responsibility to provide the academic, technical and vocational training opportunities necessary to prepare attending students for the world of work. This system must be strengthened to achieve its goals, and its success is critical to lessening the need for remedial manpower programs. But, where effective opportunities have not been provided to individuals or their access to them continues to be restricted, remedial services should be provided as a part of our nation's manpower program."

This is an admirable statement. It is a pity that the text of the Bill does not carry it out.

III. RECOMMENDATIONS

Accordingly, the National Advisory Council on Vocational Education makes the following recommendations:

First, that local communities be required and enabled to plan both to reduce the flow of untrained youth and to reduce the pool of unemployed.

Our reasons for recommending that the local and state plans encompass both the problem of reducing the flow and the problem of reducing the pool have been fully stated earlier in this position paper.

Second, that the local plan employ, to the maximum, existing mainstream institutions and programs.

Similarly, we have fully stated earlier in this position paper our reasons for believing that mainstream institutions facilities and programs will tend to be more effective than separate programs. The latter should be regarded as the back-up, and not as the principal, reliance.

Third, that the local authority which prepares the plan and administers Federal support for the plan include not only the mayor, but also the superintendent of schools and the heads of the appropriate post-secondary career development institutions.

We assume that the precise composition of the local authority should vary from community to community. In some cases, several mayors should be represented; in some, several school superintendents. The president of the area vocational school, technical institute and/or community college should almost always be included. Possibly, the director of the state employment service office, or an official of the Chamber of Commerce, should be a part of the group. Our intent is that the plan be prepared by an agency which represents all the major institutions in the community which share the responsibility for the plan. We contemplate a staff reporting to the agency, probably paid out of state funds, and not drawn from the civil service of any of the units of government which make up the agency.

We are aware of the dangers of committee management. We believe, however, that there are differences between past experiences and what we are here proposing. Federal money is a great incentive. If the money is not available unless agreement is reached, we believe that agreement will be reached.

Moreover, shared responsibility realistically reflects the diversity of the American political scene. In some cities the mayor is more alert to the unemployment problem than the school superintendent. In others, City Hall may be corrupt and the school system more effective.

In any event, even if it could be shown that a price in efficiency will have to be paid for substituting an agency for the mayor as the prime sponsor, we advocate paying that price. The national unemployment problem will not be solved overnight. Ultimately, as the preamble to the Javits-Ayres Bill recognizes, the schools and community colleges must perform the job. Shifting the responsibility to someone else is not the way to reproduce a responsive educational system.

Fourth, that the local body which prepares the plan should include both professional and non-professional representatives of the local community.

In the preparation of the plan (as distinguished from its administration) we advocate participation by individuals and organizations including representatives of the disadvantaged, in addition to those which should share the administrative responsibility. In this we do not differ from the sponsors of the Javits-Ayres Bill, who have made a similar proposal.

Fifth, that the Federal funds which are subject to the plan include not only manpower training funds, but also vocational education and related training funds earmarked for the disadvantaged.

The Council does not recommend that funds be shifted out of existing manpower programs. We believe that more Federal funds should be allocated to the flow of untrained youth, but not at the expense of the funds now allocated to the pool of the unemployed. On the basis of 1969 appropriations, the Council recommendation is that the plan would provide for the expenditure of the $1.5 billion presently allocated to Manpower and the 15% set aside for disadvantaged students under the Vocational Education Amendments of 1968.

We anticipate that the legislation would mandate the use of these *presently appropriated* funds in approximately the present proportion as between the remedial and the preventive effort. We expect that local planners will conclude that the existing effort to reduce the flow of untrained persons is inadequate and, if additional Federal funds are not made available for that purpose, will increasingly find state and local funds for that end.

Soon after the new program is introduced, we anticipate that the proportionate allocation of funds between remedial and preventive efforts would more nearly reflect a reasonable division between these two necessary parts of the total effort.

Sixth, that Education be given an equal voice with Labor at state and Federal levels in supervising the formation and administration of the plan.

At the state and Federal levels, no less than locally, the Advisory Council contemplates a sharing of responsibility between education and labor authorities. We do not recommend that the responsibility be in a separate authority, distinct from education and from the balance of the state effort in the labor field. Such a separation would be counter to one of our major objectives, which is to infuse vocational education into the entire educational curriculum.

IV. CONCLUSION

The Congress and the Administration have an opportunity in 1970 to bring order to what is now a sea of chaos. It will be done well only by a comprehensive plan, designed locally where population densities permit and by states for rural communities, which deals with unemployability in all of its aspects.

The National Advisory Council on Vocational Education will be glad to cooperate with members of the Congress and the Administration in developing the details of this proposal.

For the Advisory Council:

HUGH CALKINS, *Chairman.*
ROBERT WORTHINGTON,
Chairman, Committee on Manpower Programs.
CALVIN DELLEFIELD,
Executive Director.

Mr. Calkins. Thank you.

Mr. Daniels. Mr. Calkins, you made reference in your statement to the pool of unemployed, and that despite the billions of dollars that have been spent by the Federal Government, the pool of the unemployed is not reduced and seems to grow larger and larger.

How do you account for this?

Mr. Calkins. By the simple fact that we have not paid much attention to shutting off the flow into the pool. If you visualize the bucket with a faucet pouring into it, we have been bailing out the other side of the bucket, and have had some success in doing so, but we have done very little to try to effectively reduce the annual flow of unskilled, untrained people into the pool.

Mr. Daniels. In your testimony you emphasized that the present school systems, local secondary schools, vocational schools, and community colleges could do a much more effective job than many of the manpower training programs that exist.

If that is so, how do you account for the fact that our schools today experience a large number of dropouts?

If our secondary schools were doing an effective job, would you have this large percentage of dropouts which fall into this pool of unemployed?

Mr. Calkins. I am more concerned about the kinds of skills that students who leave school take with them or do not take with them than I am about whether or not they drop out.

I sometimes think we are too much concerned about the dropout statistics by themselves. One of the things that one would observe, for example, is that in a period of rising employment, dropout rates will always rise.

This does not indicate that schools do appear to do a poorer job in times of rising employment. It simply indicates that more job opportunities are available.

There are a number of young people who ought to leave school before the 12th grade, for whom 12 years of schooling is too much.

My concern is that at the present time they leave school at the 10th grade or the 11th grade without the kinds of skills they ought to have.

Now it is entirely true that the school systems have not performed well to date, and there are some complex historical reasons for that. One of the reasons is that until quite recently the vocational legislation—until 1962—the vocational education legislation was so designed as to make it very difficult for schools to perform well with respect to that population, because the old Smith Hughes and George Barden Acts had in them categorical kinds of requirements which made it difficult to provide early and flexible vocational education for that group.

In 1962, Congress changed the law to make more flexible programs possible, but as the Essex report of several years ago showed, not very much change took place as a result of the 1962 amendments.

In 1968, Congress tried again, with some amendments which made it very clear what the intent of Congress was, and there has been some progress made since 1968.

Much of the progress was much slower than we would like, because of the limitations on Federal funding. Within the educational world itself, there has been a very significant change within the past few years.

Many more vocational educators now are greatly concerned about how to make vocational education effective in the inner cities.

Many more State departments of vocational education have awakened to the fact that the distribution of State vocational money has in general been badly designed to get the money where it is needed most.

In Illinois, for example, this is the first year that the city of Chicago has received its pro rata share of Federal money for vocational education.

In prior years the State of Illinois allocated that Federal money so that less than a per pupil allocation would go to the city of Chicago where the overwhelming unemployment problems of the State of Illinois are. All of that is in the process of being corrected.

Dr. Worthington, who has just arrived can respond more accurately on the reasons we believe the schools and community colleges in the 1970's will perform more effectively than they have in most parts of the country in the 1960's.

Mr. **Daniels.** Mr. Calkins, you mentioned that during the 1960's the vocational education laws were amended to permit more flexibility. Since these new laws have come into being and permit greater flexibility, have the school systems taken advantage of that flexibility to develop programs which are really befitting our times?

Mr. **Calkins.** I have to answer in a qualified way by saying here that some school systems have, and some have not. There is still far too much of a carryover of the old rigidities. I will use my State of Ohio as an example. It is still true in the State of Ohio that in order to qualify for type A reimbursement, which is the maximum from the State government, the classes must be conducted in the 11th and 12th grades, and 3 clock hours a day.

Those restrictions are not well designed for use in the inner city. It is very important that we provide vocational education, also, in the ninth and 10th grades, because we have a large dropout population that never makes it beyond those grades, and we have others who want to go to college and would like to take vocational education if they did not have to spend every afternoon on it every day in the week.

One question we are at work on is how can Congress, should Congress, require the State of Ohio to change these rules?

In general, the Federal Government tends to say to the State governments, here are some basic goals, here are some basic guidelines, but you can establish higher requirements if you want.

Our problem in vocational education is that some States, I think sincerely believing they are establishing sensible higher requirements, are in fact establishing higher requirements that get in the way of accomplishing the Federal purpose.

Mr. **Daniels.** What do you do if the local school districts have not taken advantage of the laws on vocational education? In my own State, the Federal law was aimed at having each county establish a vocational school. It is my understanding that only 5 counties have done so.

Mr. **Calkins.** Our proposal would be that what the Federal Government do is require in a formal way that those superintendents and those school boards sit down with the mayor, the man concerned with unemployment in that community, and be required by law to develop a reasonable plan for reducing the flow into the pool of unemployed.

We think that if you get in one room around one table the mayor and the superintendent of schools and the head of the postsecondary institution and say to them, you have got to work out a plan for cutting down the flow, they will have to come up with a plan which provides some kind of more effective vocational education.

Mr. DANIELS. How would you create the local agency that you recommended which would involve the mayor, the superintendent of schools, the community colleges and other local officials?

Would it be strictly on a subdivision of the State, a county basis or a regional basis?

Mr. CALKINS. There has to be some flexibility, because the patterns will vary across the country. In my home city of Cleveland, the people who are most concerned with this problem are the superintendent of the Cleveland School District, the mayor of the city of Cleveland, Carl Stokes, or the head of the department of human resources, the president of the local community college, a representative from the chamber of commerce, and somebody from the State of Ohio Employment Service.

Those five people would be the right five people in Cleveland, I think, although one might add a representative from the county government.

But there will be other communities where there are several school districts, for example, which have approximately equal shares.

In Greater Pittsburgh, for example, where there are serious unemployment problems in surrounding communities outside Pittsburgh, there probably should be a representative of at least one of those suburban districts and suburban municipalities as well as people from the city of Pittsburgh itself.

I think the Federal law should establish standards and then permit flexibility as to how they are met.

Mr. DANIELS. Where you do bring in the different school boards and the mayors of the surrounding communities, how would you resolve the differences between them?

Mr. CALKINS. Initially, I would say that unless there is agreement, I suppose there would have to be a definition of what degree of unanimity is required for agreement, but I should think agreement would be required from the mayor of the largest municipality and the superintendent of the largest school system and the State employment service representative as a minimum.

Unless there is agreement among those three, then there would have to be a procedure where some one at the State level would have to arbitrate the differences and create the plan.

I think this one said, you have to make up your minds, or the State will make up your mind for you, that agreement would be reached.

We are in the process of trying then in Cleveland to see what should be developed by way of a rational plan and on this problem, and depending on how long the Congress takes in considering this legislation, we may or may not be in a position to come back to you and say, here is the kind of an example of a rational plan that we think a community would create if legislation were enacted that dealt with the flow as well as the pool.

Mr. Daniels. You mentioned that there are good provisions in each of the three bills before us, but in your comments you merely refer to the Ayres bill.

Would you care to make any comment about the other two bills, the Steiger bill and the O'Hara bill?

Mr. Calkins. I do know. With respect to the O'Hara bill, we believe that the emphasis which it places on the Department of Labor remaining the direct contracting agency is unwise.

We think there are too many communities in this country, and too complicated a situation to make them desirable for a federal government agency to be that much involved in local operations. With respect to the Steiger bill, which essentially requires a State plan, we believe that makes sense for parts of the State which are not large enough communities to permit sensible local planning.

But where you have a large metropolitan area, the Philadelphia area, the Cleveland area, the Cincinnati area, we think it makes much better sense to have the plan created locally.

One of the reasons for this is psychological. It is important that the mayors have a stake in this, and it is very important that the superintendent of schools feels he has a stake in this, and if the plan is simply made in the State capitol, we will not place the responsibilities on the people who are going to have to in fact carry out the plan.

Mr. Daniels. Am I analyzing your views correctly when I state you approve the Ayres bill which provides for decentralization of these programs?

Mr. Calkins. That is correct; we do.

Mr. Daniels. Would you leave the programs entirely in State hands?

Mr. Calkins. The Ayres bill, as we understand [illegible] creates a three-echelon planning procedure. There is a local plan developed in metropolitan areas, approved at the State level by manpower and education people, and approved at the Federal level by Labor Department or Department of Labor and HEW people.

For those parts of the State which do not constitute metropolitan areas, there is a State plan approved at the State level by both groups.

Mr. Daniels. I recognize Mr. Scherle.

Do you have any questions?

Mr. Scherle. Thank you, Mr. Chairman.

Mr. Calkins. I am sorry to not have been here when you began your own testimony. But what I hear was impressive.

Have you placed any proper significance at all on rural America and their needs for manpower?

Mr. Calkins. This is a problem which bothers me a great deal, because my own experience is an urban experience, and I know much of our poverty problem is a rural problem. We in the National Advisory Council have been attempting to collect data and find informed people who can help us with the rural problem.

We do have among our members some people who are greatly concerned about rural poverty and rural training. At our 2-day meeting on Friday and Saturday of this week, we will be meeting with a group of experts on the disadvantaged who will include some people who are well informed about the world poverty problem.

Mr. SCHERLE. Doctor, would you have any recommendations to make at this time?

Mr. CALKINS. We believe that the pattern which we're proposing would again make sense for rural areas. That is, we think that in rural areas as well as in urban areas, there should be a plan which is prepared jointly by somebody with a manpower responsibility and somebody with a secondary responsibility, school responsibility, and somebody with a post-secondary responsibility, and somebody from the Employment Service and perhaps somebody from industry—we think that kind of a joint agency approach would also make sense as applied to rural areas.

Mr. SCHERLE. Have you found in your statistics that the dropout rate has been higher by those that have been vocationally inclined rather than those academically inclined?

Mr. CALKINS. In well-conducted vocational programs, the dropout rate is significantly lower. For example in the city of Cleveland in the inner city high schools, the students who are enrolled in the college preparatory kind of program have a dropout rate of 12 to 13 percent per year, which over 3 years is 45 percent.

The dropout rate among the students in those same high schools enrolled in the vocational programs is 5 and a half percent per year, or about 40 percent of the dropout rate in the college preparatory programs.

We believe that that would be duplicated around the country where the vocational programs are fairly good, although I think there are statistics from New York City for example, which would say in their separate vocational schools the dropout rates are higher than they are in their college preparatory schools, but I would suggest that that was because those schools were not designed to provide the right kind of vocational education.

Mr. SCHERLE. Is there an inherent danger that these people who leave should be more vocationally inclined?

Mr. CALKINS. I think one of the directions in which we must move is to obliterate to the extent we can the sharp dividing line that now separates schooling from the employment in people's thinking.

We can no longer afford an attitude that says, you go to school first and then you get a job.

We need an attitude that says that schooling and employment alternate and/or run together through very large parts of your lives.

One of the things that the schools must do, and the post-secondary institutions like community colleges must do, is to make themselves much more available and much more widely used by young people who at the age of 16 have found a job in a gas station and worked at it for awhile and then realized that is not what they want to do all their lives and want to go on and do something further.

We are creating opportunities for those people, and we must do so. You can lead a horse to water, but you can't make him drink.

The same thing is true of education. You have to provide it when and where people want it.

Mr. SCHERLE. I am glad you brought that up because that was going to be my next question. These people that drop out of high school to be employed, what percentage of those, realize in a short period of time, or perhaps maybe a longer period of time, that they really did not get everything they need to compete in this society?

Do they then come back and ask for training in the specific field they are in, or maybe pursue their educational objectives a little bit more diligently when they return?

Mr. CALKINS. I do not have figures on that. I do not think the number who do that at the moment is large, but I think it is growing.

Mr. SCHERLE. Would you have any recommendations to make as far as job placement is concerned after they are trained?

In the past we just seem to cast them to the wolves, by letting them seek their own employment.

Mr. CALKINS. Yes, it is part of our package of recommendations that career training institutions take responsibility for helping their students find jobs, and in fact it works out that very large numbers of young people who take vocational courses get placed often by the instructor, who develops his own contacts among employers who respect his recommendations, and one of the reasons why vocational education, if properly conducted, is, and ought to be, more expensive than college preparatory education is that it costs more money to place students in jobs than it does to place them in colleges.

Mr. SCHERLE. Doesn't it appear to be more sound for an instructor who has taught that youngster in the field of vocational education to be the one to help seek a job placement for him rather than to cast him out and let some other agency pick him up, when they may have a less personal interest?

Mr. CALKINS. Clearly it is, and clearly it should be a responsibility of school systems to place in jobs not only those who complete, but those who leave part way through their training programs.

Mr. SCHERLE. How would you accomplish that?

Mr. CALKINS. We do it in the city of Cleveland, using some Federal funds. We have for 2 years made a commitment to the young people in Cleveland that if they will graduate from high school, we will get them a job and we in fact have made good.

This has been going on now for 7 or 8 years—semesters graduations, and on all seven of the occasions, we have been able to place more than 92 or 93 percent of the graduates.

Mr. SCHERLE. What is the unemployment rate in Cleveland proper?

Mr. CALKINS. The figure which is quoted for the statistical area, not taking into account the current Teamster strike, is 3.8 percent. The figure in the inner city, with which we are concerned, is 13 or 14 percent.

The figure among the youth in the inner city would be 28 or 32 percent.

Mr. SCHERLE. What age group would that be?

Mr. CALKINS. Sixteen to nineteen.

Mr. SCHERLE. No more questions, Mr. Chairman.

Mr. DANIELS. The gentleman from California, Mr. Hawkins.

Mr. HAWKINS. Mr. Calkins, I certainly agree with most of the things you have said. However, you tended to indicate that the Ayres bill, with some slight modifications, would in a sense solve the manpower problem.

Are you not dealing with the 16- to 20-year-old group and ignoring completely the other age groups that would be reached through such a manpower bill?

Mr. CALKINS. Since our concern, Congressman Hawkins, is with vocational education, we have looked primarly at the group under 20 or 21. This is not to say that we don't think the problem of the 24-year-old or the 44-year-old who are untrained and unemployed is a serious problem.

We do think it is a very serious one. In this testimony, however, we have been——

Mr. HAWKINS. You deal with this age group.

Mr. CALKINS. We don't mean to suggest that efforts dealing with the older people should be reduced.

Mr. HAWKINS. Then it is this age group that is emphasized, rather than comparing the three approaches with regard the total manpower problem.

Mr. CALKINS. May I ask Dr. Worthington to respond to the question of how does the council feel about these bills as opposed to the problem of career training for those who are clearly adults?

Dr. WORTHINGTON. I am the only State vocational State administrator who serves on the advisory council.

I have felt that vocational education is a lifelong process, as is all education, that vocational education needs to begin in the elementary school and continue through the entire adult life of individuals.

This is the kind of program we have been working toward the development of in New Jersey.

The chairman mentioned a situation that existed in New Jersey 5 years ago. With the help of the act of 1963 and the amendments of 1968, we have moved to correct that. Of our 21 counties, all 21 have a technical school program.

A great percentage of our enrollment is adults. As a matter of fact, we have over 140,000 adults in the State of New Jersey enrolled in vocational education.

Middlesex County alone, I just attended a meeting the other night; 150 industrial concerns were there to thank the vocational schools for the work they had done over the past year.

Seven hundred people showed up for this, business and industry and labor leaders in Perth Amboy to thank the vocational school for the work they had done.

This year we have 4,800 adults in the New Brunswick area enrolled in vocational education, and about 1,100 secondary school students.

So we are serving adults, and it is one of the groups that need it badly.

Mr. HAWKINS. I am aware that some progress is being made, Doctor, not only in that particular State, but in my own State of California.

I am confident that less than one-tenth of the need is being met through vocational education, regardless of age group, and I am not as optimistic as some of you seem to be that we are going to make the public schools more responsive.

Even now in the Los Angeles school system, the teachers are out on strike. The State is refusing to continue its just share of supporting the local schools.

Bond issues are being rejected, and the children are out, dropping out of school, and there seems to be a continuation of the dropout rate.

Now assuming that this is so, and this will continue for some time during the 1970's, then it seems to me that if we rely completely, or let's say put the main emphasis on the public school system, we are putting the emphasis on the very system that in some ways today is failing these children.

Not that it would be failing. I would certainly say we should make the schools more responsive, but the fact remains that mostly hard core unemployed, most of the minorities and other groups, are not finding, apparently, in the schools the things that they are seeking, and what you really seem to be suggesting is that we not set up anything which would compete with this system, but rely on this system to do the job which it has not been doing up to this time.

I think I share the same concern of trying to make the system work, but how do we anticipate that it is going to work more effectively in the future than it has in the past, immediate past?

Dr. WORTHINGTON. May I respond to that, from my point of view as a professional educator and a State department of education person?

I believe education must be the basic structure on which any national manpower system is built. If we are going to develop national manpower legislation, I think it has to have a linkage with the school system, and we have to require the school system to become a part of that system.

Some States have done a fine job, and some have not. I think we must avoid a national manpower policy which provides for separate education and training for those identified as failures.

I think this is bad. Our society does not need a second school system which is based on family income, employment, past educational failures, and so forth.

We need a coordinated educational effort.

I also believe as an educator that preparation for employment must be a fundamental part of every person's education, not just those we identify who are going to college, and it should be a specific responsibility of the public schools.

A comprehensive manpower program, I think, should reward cooperation at the State and local levels between the governmental agencies by providing incentive funding for cooperation.

I also think that we should find a way to provide in manpower legislation incentives to strengthen real relationships between employers and business and industry. It seems to me that the on-the-job training programs, the work experience programs and many of the programs that we have tried in our emergency type of remedial program are not educational enough in nature, and too often they are just temporary income sources for the poor and uneducated.

I think that our national manpower policy should recognize that there is no such thing in this country as terminal education. Adult and continuing education must be available to all citizens throughout their entire life span, so that we can provide individual fulfillment.

Last night in Trenton, I attended the annual Americanization dinner, where we had persons who had come into our State from more than 17 countries. These people were coming to America to seek a new life, and we have thousands of people throughout this Nation who are not able to get the kind of adult vocational education that they need.

I think that one of the real problems we have had in States administering manpower legislation is that we have not had stability of funding patterns.

The State and local educational and manpower agencies cannot do adequate long-range planning. The past policies that we have had to work under have caused, because of lightness of appropriations, they have caused personnel changes.

This is not only expensive, but wasteful.

Mr. CALKINS. Congressman, I would like, if I may, to respond to your question by suggesting that you look at Atlanta, Philadelphia, Pittsburgh, Cleveland, Dayton, Toledo, Rochester, and I am sure if I knew more about other school systems I could add 20 or 30 more.

You will find there in those school systems two things: First, an explanation of why they have not done a very good job in the 1960's, because what they were doing 3 or 4 or 5 years ago was not right.

You will find that they are in the process of turning things around so that they will do things right. In all of those school systems, the system is in the process of putting vocational education into their neighborhood high schools.

Now it takes time to do that, because it involves sometimes adding a wing to the high school, getting equipment, finding instructors, and getting the program going. Then once you get the program going, it takes 2 or 3 years before you have experience with a class coming out.

So that what we have seen in 1967, 1968, and 1969 are practices of 1962, 1963 and 1964.

But in the school systems there is awareness of the importance of providing career training for the entire population, and they are beginning to do an effective job of it, and I think it is a great mistake for the Congress to make policy judgments on what should be done based upon what the school systems did prior to 1968, because it is only very recently that new superintendents have taken over in these school systems who have said, "It is my job to get everybody a job, and I am no longer going to allow to come out of my school system people who are untrained."

Mr. HAWKINS. I think my colleague would like to ask a few questions, so I will yield the floor at this time.

Mr. DANIELS. The gentleman from Minnesota, Mr. Quie. I know he has a great interest in this field and has extensive knowledge of it.

Mr. QUIE. Thank you, Mr. Chairman, and thank you, Mr. Hawkins, for permitting me to do this. I have some constituents in the next room that I want to say hello to.

First, I want to compliment Mr. Calkins and your two associates, Dr. Worthington and Dr. Dellefield, not only for coming here this morning and presenting your testimony, but for the work you have done on the National Advisory Council on Vocational Education.

I recall when we established this Council in the statute, we provided it to be appointed by the President. I feel that we have been vindicated by that, even though I may not agree with you all the time in your recommendations.

I like the fact that you are speaking out forthrightly, and you are jarring the thinking of people in vocational educational and people up here on the Hill.

The fact that the 1968 amendments are pretty close to the recommendations of the Council's original recommendations to us show that we are not too far away from you in our views as a majority up here.

But I would like to ask you a few questions. One of the things I think you point out is the need of virtually a committee, even though you say it is difficult for a committee to administer a program, but you prefer it that way.

Do you also recommend that a committee will be administering it on the Federal level, or at least a partnership? You suggest that the money for manpower programs of one and a half billion dollars be coordinated with money under the vocational education program amendments, and I assume you mean the 15-percent set-aside?

Mr. CALKINS. Yes.

Mr. QUIE. We authorized $40 million the first year, with increases to $50 million and $60 million later for disadvantaged children, but since it is not funded, I guess that is why you did not mention it.

Mr. CALKINS. That is right. All the vocational moneys that are targeted for the disadvantaged would go.

Mr. QUIE. How can you get, if not a committe, a partnership to administer this? The money which goes through the Department of Labor is the biggest chunk, and I imagine they could control the program.

On the local level you say they are going to have to get together before they get the money. HEW and Labor have the money at the Federal level. How do you get them to cooperate?

Mr. CALKINS I suppose the White House functions in part as a means to arbitrate differences between Government departments, and I understand under the present administration the White House is anxious not to have more than the necessary interdepartmental disputes come to it, and I would anticipate that under the Ayres bill, as under the kind of bill we contemplate, that it will not be too difficult for Secretary Finch and Secretary Shultz to agree on whether they will approve or disapprove a local plan.

Since what we contemplate is local administration in metropolitan areas, all that will need to be approved is the plan, I should think it would not be difficult for a locally devised plan to have to get the approval of two different governmental agencies, or departments.

I believe this is going to be quite a pattern in the operation of domestic programs in this country. I anticipate—well, in planning highway programs, for example, and in dealing with pollution, we surely are going to have developing local plans which will in effect have to be approved by several different department heads of the Federal Government, and I would not think that would present insuperable difficulties.

Mr. QUIE. Would you recommend, then, that the administration bill, be amended, so that rather than giving the Department of Labor the responsibility, while it must seek approval of the Department of Health, Education, and Welfare, that both Departments would be on an equal basis?

Mr. CALKINS. I would think in terms of just handling the mail that the State plan has to come to one or the other of the Departments, and

I don't object to its going to the Department of Labor with the understanding that they get the approval of Health, Education, and Welfare.

Mr. QUIE. Do you think then if it does go to the Department of Labor, wouldn't there be a tendency to delegate HEW responsibility to Labor, the way OEO has delegated these manpower programs to the Department of Labor?

Mr. CALKINS. Yes, and this relates to another problem which concerns us. We think that the present status with authority in HEW who are responsible for manpower career training, et cetera, is much too low to permit them to deal effectively with the Department of Labor, and we think that this is one of the best illustrations we know of, of a situation in which national policy is in fact being weighed by a rather bad organization of the Federal Government.

It is our view that there should be a separate Department of Education, one of whose senior officials would be responsible for the relationships, the overlap, if you will, between education and labor, another of whose senior officials would be responsible for the overlap between education and health and welfare.

We think until that is done, and until a separate Department of Education is created which will have the effect of lifting up in the Federal administration the status of the educational figure responsible for career training, there will continue to be a problem with the Labor Department running away with this particular ball simply because it is in their operation so much closer to the President.

Mr. QUIE. I think there is that danger now that the Department of Labor will run away with the ball, but it seems to me that if you had two equal departments, one handling education and the other the manpower program, you could have a deadlock unless one is a silent partner.

Mr. CALKINS. The silent partner I think is the President. I think it would be resolved in the White House.

Mr. QUIE. After watching four administrations in my short career in Congress, I have introduced legislation for the Department of Education and Manpower so any differences will be resolved there.

Mr. CALKINS. The reason we have not joined you in that recommendation is that we have a feeling it would give to career training too heavy a voice within education, and we think that all that we read about, the processes of how people learn, tells us that the early years are so very crucial that we think that education and the Federal participation in education must have an equal concern with what happens to the 4-, 3-, and 2-year-olds as it does with what happens at the career training end, and we think if all education were put into a department of education and manpower it would tend to focus the Federal effort on a very important problem, with which we are concerned, but it would tend to focus the Federal effort away from another very important problem; namely, how do we provide better education in the very early years of childrens' lives?

Mr. QUIE. I am afraid if you put $1.5 billion manpower money in with about $50 to $55 million vocational education money, you have certainly got the proverbial horse and rabbit sausage.

Mr. CALKINS. That is correct.

But one of the reasons we are in favor of this proposal is that we think the inevitable result would be that those who are compelled at the local level to develop a rational plan for dealing with long-term unemployment will say to themselves, it makes no sense for us to be spending 50 times as much money on getting people out of this pool than we are trying to keep people from going into it.

We anticipate that as a result of creating the kind of planning machinery that we have in mind, all sorts of people will be coming back to Congress and saying, don't cut down the amount of money that is going into the Labor Department of Manpower type programs for the adults, but let's do a better job with the problem of the young people who are going in.

We believe that the way, in a time of Federal budget tightness, to provide proper funding for vocational education is to start with the disadvantaged. Our general philosophy toward the funding of vocational education is to say that the Federal Government and the States, between them, ought to pay for the additional costs of vocational education, requiring local school districts, with whatever help they get from the State under their foundation formula, to pay for the basic educational costs, $700 for a high school student, for example, but if, to give a student the kind of training he needs in data processing takes $1,600, we think the excess ought to be paid in some combination by the Federal and State governments.

We can't afford in this country to go directly to that position across the board, but we can afford to do it with respect to the disadvantaged, and we would propose that the Federal Government should start upon the problem of funding career training in the United States by funding adequately the career training for the disadvantaged.

We think this will in fact produce a very substantial response from school systems, community colleges, and others, and that in time, when money permits, it can be spread more generally for vocational education for everybody.

Mr. Quie. If it turned out, as you suggest, that the local communities then would turn to State and local funds to stop the flow, it would work well, but I think what will be done is to try to get Federal funds out of the manpower programs to stem the flow.

I can't imagine them lasting forever. Then you could end up with the manpower programs running the vocational programs. That is what I am really concerned about. If you had to choose between the manpower, the remedial type people administering vocational education, or the ones interested in education and academic programs, I will take the early years and the academic programs, because that still is of utmost importance to a well-educated person.

Mr. Calkins. What we are suggesting is that the Federal Government require both groups to get together and agree upon a plan, and we think that will produce sensible planning in local areas.

Mr. Quie. What about the involvement of community colleges? In Minnesota, we have a junior college system, separate from the area vocational schools. Some States put them together. What is the opinion of the Advisory Council on looking at this controversy?

Mr. Calkins. Our viewpoint at the 13th and 14th grade level is the same as it is earlier. Namely, we believe career training is a part of the totality of education, and that the same institution should provide both. We think that it is a mistake for a State to try to create a system in which some institutions will provide liberal arts training and a wholly different set of institutions will provide job training.

We would prefer a pattern in which an institution provides both kinds of training, which will permit students to mix their options and take combinations of programs.

Now, this does not mean that we say that the area vocational schools, which are functioning very effectively in some places, should all be abolished and replaced by something called community colleges. We don't care what label is given to the institution, and we know there are effective institutions called area vocational schools, but generally we would encourage them to enlarge their curriculum so that as nearly as possible, at all levels, we develop a concept that everybody really goes to school or college to prepare for a career and where one gets off the educational ladder to take a job is not too important, especially because more and more people who get off will want to get back on again at a later date.

Mr. QUIE. You suggest that the comprehensive manpower program might develop a dual school system, but is there any greater danger of the administration's bill being enacted and developing into a dual school system than the present situation with the present laws, if nothing was done to them?

Mr. CALKINS. Yes, there is. First, the administration bill makes it explicit that the 16-year-olds are included.

Secondly, the administration bill, in creating a local planning requirement, will give enormous impetus to the manpower problems locally. There is real danger in planning half a campaign, not simply because the other half will be confused and unplanned, but because by focusing everybody's attention on the half you are planning, you further channel your energies and efforts and money into that half of the program.

If the Federal Government creates around the country a requirement for a comprehensive local manpower plan without doing anything about the flow problem, it will simply create a whole constituency of people who are concerned with the kinds of programs that now constitute manpower, and this will give substantial impetus to the creation, to the gradual spread of that interest down toward younger people, and a substantial impetus toward the creation of a separate school system, which I don't think either of us want.

Mr. QUIE. Our committee ought to be able to help in this, having both jurisdictions.

Dr. WORTHINGTON. May I comment briefly on that? The way the present manpower system works, we have had good relationships in our State between the Departments of Labor and Education. But the Department of Labor has assigned the education components to the Department of Education.

I think the key issue is that the educational component should be the job of the educators. Our skill training centers have been the most successful component of Federal manpower. It seems to me this component should be made a permanent educational fixture.

Mr. QUIE. Could I ask one last question, Mr. Chairman? It has to do with the identity of the groups in vocational education and the issue raised especially by vocational agriculture.

To what extent has your council looked into the controversy of whether vocational education groups should lose their identity and everything should be mixed together to train for gainful employment, or should there be a retention of agriculture and so forth?

Dr. Dellefield. This is a controversy, and it has a built-in constituency of people who have been successful for many years. The agricultural people have been modifying their programs considerably since the Vocational Educational Act Amendments of 1968 were passed, so that they are in the agri-business fields, and I think they are making strides to becoming extremely successful.

The Vocational Educational Amendments of 1968 are looking toward helping people rather than developing programs, and I think the people who have a vested interest in particular areas of vocational education are rapidly modifying their approach to deal with people, rather than previous programs. I don't think it is an either-or. I think in the next year the controversy will have settled itself, and that the people involved will be doing the work that was contemplated in the 1968 amendments.

Mr. Daniels. Thank you, Mr. Quie.

Mr. Hawkins?

Mr. Hawkins. I will pass further questions at this time.

Mr. Daniels. Gentlemen, I would like to thank you for coming here today and giving us the benefit of your testimony.

Mr. Calkins. Thank you very much.

Mr. Daniels. Our next witness is Mr. John E. Harmon, executive vice president, National Employment Association.

STATEMENT OF JOHN E. HARMON, EXECUTIVE VICE PRESIDENT, ACCOMPANIED BY WILLIAM E. MURTHA, DIRECTOR OF RESEARCH AND GOVERNMENTAL AFFAIRS, NATIONAL EMPLOYMENT ASSOCIATION

Mr. Daniels. You may proceed, Mr. Harmon.

Mr. Harmon. Mr. Chairman, my name is John E. Harmon, I am executive vice president of the National Employment Association. I am accompanied by William E. Murtha, director of research and governmental affairs of the association.

The National Employment Association is the only national organization representing an industry of more than 8,500 private placement agencies throughout the United States.

I thought you might be interested to know that in your State, Mr. Chairman, there are over 500 private employment agencies and, Mr. Hawkins, there are over 900 in yours, and a lot of them are located in Los Angeles.

These firms employ some 45,000 people and are responsible for approximately 4.5 million permanent placements each year. Private employment agencies define a permanent placement as one which lasts at least 90 days.

The last sentence of my statement relates to figures reported by the U.S. Training and Employment Service, and I wanted to be sure there wasn't a mistake. They use 3 days, and we use 90 days.

A private employment agency is a commercial business operating within the American private free-enterprise system. As used in this statement, the term "private employment agency" designates such a business and delineates it from the job placement services offered by educational institutions, nonprofit groups, or by any branch of the Government.

Private employment agencies are commercial enterprises engaged in the business of bringing the jobseeker and the employee-seeking employer together at a time of mutual need, for the purpose of negotiating a mutually agreeable and profitable employer-employee relationship. For this, a fee is charged.

The applicant does not pay the employment agency a placement fee until a job is actually obtained. The worth of this valuable service is attested to in the case of *Adams* v. *Tanner* wherein the U.S. Supreme Court stated:

> "The service rendered in acting as the paid representative of another to find a position in which to earn an honest living is useful, commendable and in great demand." 244 U.S. 590, 61 L. ed. 1336.
>
> As a member of the private enterprise business community the private employment agency shares a common objective with other businesses—public acceptance and profit.
>
> Service is its only product. Without profit there can be no service. Without service there will be no profit.

Congressman Hawkins, perhaps I might twist your arm a bit and ask you to relate, as I give this theme or this statement, to your own personal industry back home, in the real estate business. Just twist these words around and think that we are speaking, if I were a realtor, of making a plea that the Federal Government does not come into our arena.

The real estate agent might be making the same plea if the law is going to say, "We will set up a service that will be paid for out of taxpayers' money," the same service for which you charge a fee, renting a home or selling a home, or whatever the case might be.

I think when you relate it to your personal situation—the same might be true for a lawyer—I think it will bring it home to you why we are so concerned about this.

My purpose in testifying today is to address myself to specific sections in two bills presently being considered by this subcommitee.

As to H.R. 11620:

The National Employment Association is strongly opposed to section 101(a)(1) under title I (p. 4) of H.R. 11620. This provision would give the Secretary of Labor "carte blanche" to "(1) provide for the prompt referral of all those persons who are qualified and are seeking work to suitable employment opportunities * * *."

Now, the reason we are concerned about this, Congressman, is that in the past, the Wagner-Peyser Act, which set up the State employment offices in the first place, was concerned about the tremendous unemployment in the 1930's. Now we are talking about a different part of our society, a different age of our society, where we don't have that large number of unemployed. Numbers, we do, but percentages are very small.

From time to time the Secretary of Labor decides they want to service another segment of our society. They decided a few years ago to service all colleges, until the College Placement Council got wind of this, and it upset them very much.

This possible threat upsets us very much, because we have a change of heart, a change of administration, a change of individuals, who think they want to set up a national manpower agency that services all people, and we could find ourselves out of business.

The initial sponsor of the Manpower Act, H.R. 16620, Representative James G. O'Hara, said when he introduced the bill, that its principal aim was to "provide the people of the United States with a single system by which they can achieve the manpower goals I believe they generally accept * * *."

Throughout his introductory speech, Representative O'Hara stressed the need to help the hard core, disadvantaged person with Government as "the employer of last resort."

In this context of seeking to aid the disadvantaged, it is difficult to understand why the bill, as its first order of business under title I, is talking about helping qualified persons to find jobs through Federal auspices.

If you will check, Congressman, in the Los Angeles Times, your hometown newspaper, there are 48 pages of want ads, many paid for by business, many seeking engineers. Why should a Federal law be passed authorizing the Secretary of Labor to launch any program which would help place qualified workers such as engineers, doctors, technicians, electronics people?

They don't need this type of help. Business is paying a mint to find them. They can't find them.

If the overriding purpose of H.R. 11620 is to help the disadvantaged through training, business incentives, and public service, why should the bill give primary importance to directing the Secretary of Labor to set up a program of referral aimed directly at qualified persons who normally have little or no need of the services of the Government in securing jobs?

Paragraph (1) of H.R. 11620 under section 101(a) poses the threat of unwarranted and unnecessary Government competition with the private employment industry and should be stricken from the bill.

GOVERNMENT COMPETITION

The problem of Government competition with private enterprise has been before the Congress for many years. I would like to call attention to a study published by the Senate Committee on Government Operations in June of 1963 entitled "Government Competition With Private Enterprise."

In particular, I call attention to the following:

> Numerous arguments have been made, from time to time, in favor of the termination by the Federal Government of all activities which compete with private enterprise, when such termination will not affect adversely the national interest or security. These are:
>
> 1. Private enterprise is deprived of business which it has a right to expect.
> 2. Taxpayers' money is being used to finance competing activities, so that the taxpayer is supplying the funds which are used to establish enterprises which compete with him.

I might add, of all the employment agencies I am representing today, all pay taxes, all their employees pay income taxes, they pay rent, they pay for all the paper in their offices, all the light and all the other requirements of running an office.

> 3. The Federal Government, as well as State and local government taxing authorities, are being deprived of revenues which are urgently needed to finance the performance of essential government services. Thus, when industrial capacity is owned by the Federal Government, such property escapes the payment of local taxes, the income is not subject to either Federal or State income taxes, the products are put into use without the payment of excise taxes normally levied on commercial products, and any saving to the Government resulting from the tax-free cost of the product would be more than offset by the loss of taxes, with the result that heavier burdens are placed upon existing tax sources.
>
> 4. To the extent to which the costs of Government enterprises may be excessive, termination will mean a corresponding reduction in government expenditures.
>
> 5. Government's task is to govern and not to engage in activities which compete with private enterprise.

I believe that these statements sum up the reasons for curbing Government competition with private enterprise, and I urge this committee to strike sections 101(a)(1) from H.R. 11620 as it would constitute an act of unwarranted Government competition with the private placement industry.

As I stated earlier, I don't think the present or the past administration intended for Congress or any arm of the Federal Government to get involved in this.

We had our rounds up here before when the Manpower bill was up in 1966, I believe, Congressman Hawkins, when, also, the real estate people were up here on another problem in 1966.

We had people come from all over the United States to consult with their Congressmen about the threat of the Manpower bill, because it did give the Secretary of Labor that particular right.

It concerns us now that the total thrust of this bill is to help the disadvantaged unemployed, and yet one sleeper in the bill, one statement, opens up Pandora's box and gives our people nightmares, because it shows them their life's earnings going down the drain.

I next address myself to a single section of H.R. 13472, the Manpower Training Act of 1969.

This is section 402—page 42—and deals with the establishment of a computerized job bank system. Of course, job banks have already been established in several cities in the country, but the section is important to the extent that policy implications are contained therein.

Paragraph (2) under section 402 directs the Secretary of Labor to provide "* * * an expeditious means of matching the qualifications of unemployed, underemployed, and disadvantaged persons with employer requirements and job opportunities on a national, State, and local, or other appropriate basis * * *."

The big hang-up that we have on this section is the world "underemployed," because what person that you know of, or any friend that you might have that is making $15,000, would deny that he deserved to make $30,000, if you asked him, or what person who is making $10,000 doesn't deserve to make $14,000?

So that you could bring into this statement, this underemployment, the whole gamut of employment. Any person could say he is underemployed because he is not making the salary that he thinks he is capable of making.

I submit that this is a commitment for the operation of the job bank to deemphasize assistance to the job-ready applicant. I urge that this subcommittee, in its report, supply legislative history in support of this premise. In other words, spell out more precisely what you mean or what do you mean.

Once again, the threat of Government competition with private enterprise is involved, and we ask the subcommittee in its report to uphold the position of not favoring increased Government competition with our industry in placing the job-ready.

In paragraph (4) under section 402, the Secretary of Labor is directed to distribute and assure "* * * the prompt and ready availability of information concerning manpower needs and resources to employers, employees, public and private job placement agencies, and other interested individuals and agencies * * *."

It is the position of the National Employment Association that the phrase "private job placement agencies" be interpreted to include the private placement industry. This information, developed at public expense, should be public, and the National Employment Association again urges that, if the subcommittee reports this section of the bill, the report indicate that the subcommittee interprets the phrase "private job placement agencies" to include the private placement industry.

Now, in the past, every time that word has come up, the officials of the Labor Department say, "Oh, no, we don't think that the private employment agencies have a right."

Now, I am sure the people who wrote this bill intended for it to be included, but if you read the bill the way it is presently written, when you say "private job placement agencies," the Federal official in the Department of Labor could very well say, "That means the college placement council people, that means the directors of vocational schools, that means the State employment office. That does not mean private employment agencies."

We just want to be sure that the terminology is such that we really are included, because they can exclude us, so if we came in and wanted to see some of that information, they could throw up all sorts of roadblocks.

I would like to thank each of you. In fact, Congressman Quie, when you went out, I intended to mention to each Congressman the number of employment agencies in his State. I know our people in Minnesota have been in touch with you on a number of occasions and hold you in high regard. There are about 150 employment agencies in Minnesota, many of which are in St. Paul and Minneapolis.

I said that because there are about 8,500 or more, and we know we represent a large number of private businesses in the country, and we come here today to make this plea.

Are there any questions, Mr. Chairman?

Mr. DANIELS. I am looking at H.R. 11620, the O'Hara bill, which does contain a definition of the term.

Mr. HARMON. Yes; that was the bill I mentioned in my statement. Actually, we would be very much opposed—what they have done, they have excluded us. A nonprofit organization would exclude us. So that any materials, any statistics, anything that was developed, we would not have access to.

In other words, here is a private sector performing a service. It is like getting real estate figures together, Congressman Daniels, and then not giving the realtors access to them because it would give them an advantage.

We are saying, "Why shouldn't we, if we are trying to place people?"

Incidentally, a person who goes to an employment agency has all sorts of avenues open to him. He can go to the State employment services, or use the want ads. There is no monopoly involved in this at all.

He goes to an agency to get help. If we can help this man or this woman find employment, a better job, and he must determine whether it is better or not—the fee is not paid until after he accepts the job which he feels is a betterment of his situation.

Mr. DANIELS. I think you have made your point. A fee is charged, and you are in business to make a profit, as all private entrepreneurs are.

Who is charged the fee, the employee or the employer?

Mr. HARMON. Either/or. It depends on the situation.

Mr. DANIELS. You do not have a uniform practice throughout the country?

Mr. HARMON. No, in fact it is very un-uniform. In your State, I think that many of your engineers, your professionals, they wouldn't pay a fee for any reason, because they know they are coveted every day. So the employer always pays the fee.

In the less attractive jobs, the employer says, "If you will find somebody, I am not paying the fee," so the client pays the fee. It is about 50–50 in today's market.

Mr. DANIELS. You define permanent employment as that which lasts at least 90 days.

Mr. HARMON. Right.

Mr. DANIELS. If a private agency, a member of your group, were to place a person in the job, and the practice is that the employer paid a fee. Would a fee necessarily have to be paid if the employee only worked one week or less?

Mr. HARMON. In most instances it depends, really—we are regulated in most States, including your own. There is a State law which says when the fee must be returned, and the philosophy is that once the employer and the employee have gotten together, and they have agreed on a salary and on a job specification, that our service has been rendered and the fee is due.

However, because of public relations, most agencies make an arrangement with the employer and the client, only part of the fee is paid, a temporary service fee, 30 days in some agencies, 60 in some, and 90 in others.

If you are not then satisfied, you pay as if you were working on a temporary basis.

Then we set about to do the job all over again to find permanent employment in the event that something does not work out.

Mr. DANIELS. Because I have heard some criticism of this arrangement, I have asked this question. If an employer is perfectly willing to hire an employee, and, as you brought out, they have a meeting of the minds as to the type of job, the nature of the work and how much the compensation is going to be, and a fee is fixed ——

Mr. HARMON. And then the man quits.

Mr. DANIELS. And then the man quits after working perhaps a couple of days, the employer has to pay the fixed fee, or substantially more than what the employee earns.

Mr. HARMON. Put yourself in our place. If you place me with Mr. Murtha, and I quit, and he owes you the fee, are you going to say to him "This is not good business." You don't treat your clients this way. Our people don't do this, because it is not good business. It is not good business to exact that ounce of flesh. You make an agreement, and say it didn't work out. You said you wanted the man and we checked him out for you, and he didn't work out.

In most cases our agencies don't ask them to pay anything. It is important that you keep your customer satisfied.

Mr. DANIELS. Do you have any questions, Mr. Hawkins?

Mr. HAWKINS. Mr. Harmon, how many of the employment agencies in the country belong to the association?

Mr. HARMON. At the last count, 2,600. This does not count branches. Many of our agencies might have 9 or 10 offices in one city. We call them one member. Thus the 2,600 members really represent far more licensed agencies than it appears. The 8,600 licensed agencies in the United States today include theatricals and baby-sitter agencies which are not members of NEA.

Mr. HAWKINS. You are speaking for about one-third, or less than one-third of the number of agencies.

Mr. HARMON. As far as numbers, yes, but it is very misleading, for this reason. Many of our members have numerous licenses under one name in a given State. We classify these agencies as one member. Members of our association in some States place as many as 90 percent of the placements made by private agencies. It is this type of thing that is misleading, a lot of the one-man offices are not members.

Mr. HAWKINS. Isn't it possible that some of the agencies that do not subscribe to the standards that the association insists upon are not likely to belong to the association?

Mr. HARMON. It is the same as with the realtors. If you have a voluntary organization, you are not compelled to belong.

We have a standard of ethical practices to which our members adhere. There are some who are not members and might not adhere to our suggested procedures. But they are no different. They are free enterprise oriented. They are not going to use the lead pipe.

Mr. HAWKINS. You are not indicating that every employment agency operates on a high moral plane, are you?

Mr. HARMON. No. I am saying from a business standpoint that the average agency, whether he be a member of the National Association or not, acts in a way which is to his best interests, regarding the payment of fees. It is not to his best interests to be unreasonable about that fee situation. There are arrangements to be worked out. If a person came over and he thought he was an electrical engineer, and they learned when he was on the job he didn't have the qualifications, the man doesn't say, "You took him, it is your fault." They don't do this.

Mr. HAWKINS. I don't think any of these bills intend to bring injury to any particular industry, including yours.

Would the positive statement in the bill that is acted upon by this committee, requiring the administrator, whoever he happens to be, to cooperate with and to enlist the support of the private industry in the implementation of the provisions in this bill suffice?

In other words, rather than try to get into a hang-up over the meaning of a particular word or a phrase, isn't it better to have some positive statement requiring some sort of cooperation?

Mr. HARMON. That would be fine. I might say in the past administration and in the present administration the Secretary of Labor has been most helpful. That isn't what we are concerned about.

I would like to see that statement in, but what I would be concerned with, and I think the tenor of Congress, and the views of the Congressmen, in this particular hearing today, is helping the disadvantaged unemployed. This is the dialog of the previous and present administrations. It is just that I remember back in 1966 when the State employment office actually did, in fact, write a book on how to place college graduates and actually did have a whole program developed until the College Placement Council came before the Appropriations Committee and told them of their great concern about this take-over of their particular job assignment on the campus, and there was a pullback then.

The way this present bill is set up, that one phrase, it just opens up the ball game and gives this person the thought to do it if he wants to do it. We would like to have it more precise.

Mr. HAWKINS. I would be, certainly, on this committee one of the main ones to have the emphasis placed on the disadvantaged, but I can't see how you can legislate a manpower bill without at the same time having one that is overall.

There are instances where an industry goes out of existence in a particular locality that has a lot of qualified journeymen in it who are highly skilled, but who suddenly are thrown out of jobs, and find themselves in need of a program. You can't just legislate for individual instances.

Mr. HARMON. Use California for an example, if I may give you an instance. You have had problems out there with aerospace, or missiles, or production operations in California.

If you have engineers, say they are laid off because of a Government contract termination, what you are saying is that those engineers, and I want to be sure I understand what you say, need the help of the State employment office to find work?

Or have you found in those 48 pages of want ads, ads from all parts of the United States, with people coming into the area, interviewing all day long?

Mr. HAWKINS. We have thousands of engineers in California at the present time out of jobs who need help from someone, and they are highly skilled.

Mr. HARMON. But are you saying that a mechanism of the National Government——

Mr. HAWKINS. They may need retraining, relocation, there may be many things they need. I don't think you should preempt this type of activity, which is happening in the aerospace industry in California at the present time. It is not the disadvantaged, necessarily, who are being laid off. They certainly were laid off first, but now it is getting into those who are highly skilled.

Mr. HARMON. In the past, and I can't speak for the situation as it exists right now—take Seattle, where you have the Boeing plant laying off, in those cases where there are competent people, they have actually gone out there in bands to pick up those fine engineers or technicians. They say there are people unemployed. The questions I ask are: Is this manpower bill as it is presently set up, to take care of an engineer whose skills have gotten a little rusty, are they going to set up a program to retrain that possibly master's degree technician to be reskilled? Is that the intent of the bill?

Mr. HAWKINS. I am not going to speak for the authors of the bill, but I will speak for myself. I think any manpower bill that does not take into consideration any person seeking a job who finds himself unable to get that job and may need relocation or retraining or other help in being placed, I think that individual needs some agency to help him.

Mr. HARMON. In the past, engineers or any person 2 years beyond high school training are not the people that are walking the streets that are unemployed. These people, if they are unemployed, are unemployed because of their own personal desire. They don't want to leave California. They set up all sorts of obstacles. We run into this in our industry every day.

We find a job for him in New Jersey, and he doesn't want to move. There are all sorts of reasons a man doesn't want to move, but it isn't because a job is not available to him.

Mr. HAWKINS. I am not going to disagree with you in seeking to protect your industry, or any other industry. At the same time, I think there is a difference in philosophy involved. Certainly I can agree with some of the things you have said in terms of clarifying some of the language, but I think the job is a lot larger than the private employment agency industry is going to be able to take care of.

Mr. HARMON. I think I stated at the outset, and I might just suggest, that the next time you are home, and you are with some constituents, ask them, "How many of you got a job through the State employment office?" And then, "How many of you got jobs through private placement?"

Mr. HAWKINS. I am a lot more critical of the State employment office than I would be of private employment agencies.

Mr. HARMON. A lot of people get jobs today through word of mouth, through their own efforts. In Los Angeles Trade Tech, they had nine and a half jobs for every youngster who graduated. They got them because of the knowledge of the man in the classroom and the people serving on the advisory committee.

So there are a lot of ways people get jobs today. I would hazard a guess, Congressman, that if you talked to a group of engineers in California today and asked, "Do you want the State employment office to help you?"—you see, this bill is being written without asking the engineering group—"Do you feel the State employment service should have a service for you?"

Well, engineers don't use that service. This is the thing I am asking you to take a hard look at, whether in fact this service you are asking to be set up would be used in practice, whether a college graduate E.E. could take the services of the State employment service.

Ultimately, they find a job. Now, sometimes the obstacles are created by the person who is looking. He doesn't want to leave a certain area, or he doesn't want that particular type of space work, but he is selective, and he is holding out for the best possible return on his particular background.

These are some of the obstacles which I hear about through our own members.

Mr. HAWKINS. I don't want to take all the time, Mr. Chairman.

Mr. DANIELS. Mr. Quie?

Mr. QUIE. No questions.

Mr. DANIELS. Thank you, sir.

Mr. HARMON. Thank you.

Mr. DANIELS. Our next witness is Mr. Lowell A. Burkett, executive director, American Vocational Association, Inc.

STATEMENT OF LOWELL A. BURKETT, EXECUTIVE DIRECTOR; ACCOMPANIED BY MICAH H. NAFTALIN, GENERAL COUNSEL, AMERICAN VOCATIONAL ASSOCIATION, INC.

Mr. DANIELS. Mr. Burkett, we are running late, and we don't have long to go before the 12 o'clock whistle will blow, which is the sign that the House is in session.

I have a suggestion to offer. Do you desire to submit your statement and summarize your views?

Mr. BURKETT. Yes, Mr. Chairman.

Thank you very much for this opportunity. Without objection, I would like to have my statement entered into the record.

Mr. DANIELS. I move that your statement be incorporated in the record at this point.

Is there any objection?

Hearing none, it is so ordered.

(The statement follows:)

STATEMENT OF LOWELL A. BURKETT, EXECUTIVE DIRECTOR, AMERICAN VOCATIONAL ASSOCIATION

Mr. Chariman, and Members of the Committee, I am Lowell A. Burkett, Executive Director of the American Vocational Association. I am accompanied today by Mr. Micah H. Naftalin, who serves as AVA's General Counsel.

Contrary to the belief held in some quarters, the American Vocational Association supports the Federal manpower program and, in large measure, supports the provisions of all pending bills in the Senate and House of Representatives designed to strengthen and improve our present manpower programs and policies.

The AVA enthusiastically endorsed the MDTA of 1962. In fact, Dr. M. D. Mobley, my predecessor, and I played an active and, I hope, constructive role in the development of that landmark legislation.

For the past several years, I have had the privilege of serving as a member of the National Manpower Advisory Committee, appointed by the Secretary of Labor. In addition, last year President Johnson paid tribute to the 50,000 members of the American Vocational Association by appointing me to membership on the National Advisory Council on Vocational Education, created by the Vocational Education Amendments of 1968. Thus, I have been afforded the privilege of being the only individual to serve on both National Advisory groups.

I appear here, then, as a friend of the manpower program. As a friend, and recognizing my responsibility as a representative of the vocational education community as well, I shall try to put manpower into the perspective as vocational educators view it, to express our enthusiasm for many of the recommendations now pending before the Congress, to alert you to some of our concerns, and to suggest some possible alternatives or additional recommendations for further improvements.

Let me say further, Mr. Chairman, that we offer our comments with full knowledge and appreciation of the fact that regardless of Administrations, past or present, it has been the Congress which has taken the initiative in enunciating national policy in the areas of vocational education and manpower training.

VOCATIONAL EDUCATION AND MANPOWER TRAINING ARE INTERCHANGEABLE TERMS

It is important to understand that we view *manpower training* and *vocational education* as interchangeable terms; as being, if you will, two sides of the same coin. I do believe there can be no better definition of manpower's goals that the Statement of Purpose (Section 101) contained in the Vocational Education Act of 1963, as amended (P.L. 90–576): "(to assure) that all persons of all ages in all communities of the State—those in high school, those who have completed or discontinued their formal education and are preparing to enter the labor market, those who have already entered the labor market but need to upgrade their skills or learn new ones, those with special educational handicaps, and those in post secondary schools—will have ready access to vocational training or re-training which is of high quality, which is realistic in light of actual or anticipated opportunities for gainful employment, and which is suited to their needs, interest, and ability to benefit from such training."

In fact, almost all manpower programs that have been funded and operated, which include an educational and training component, could have been conducted under P.L. 90–576.

In reviewing legislation which purports to improve and coordinate manpower programs and services, we must be careful not to let the rhetoric obscure the realities of the situation. Because our public laws distinguish, for operational purposes, vocational education from manpower training, because separate congressional subcommittees, executive departments and Bureau of the Budget examiners review and operate these two statutory programs, and because the Department of Labor has a patent on the term "Manpower," we must guard against the temptation to let our terminology confine and restrict our analysis of the manpower needs of the country in the global or "systems" sense of that term.

In other words, it may be useful—if not essential—to remember that, semantics aside, the Department of Health, Education, and Welfare, is our Government's principal manpower agency. In evaluating the Federal involvement in vocational education, rehabilitation and training, and in terms of persons affected by Federal program dollars, upwards of 90 percent are within DHEW's jurisdiction and more than ½ of the Manpower Administration's enrollees will be found in educational institutions.

My only point, Mr. Chairman, is that we should ponder the implication of legislation that speaks to the need to develop a comprehensive, coordinated manpower policy and program but ignores the programs which serves 95 percent of the manpower being trained.

DANGERS OF A DUAL SYSTEM OF EDUCATION

Members of this Committee know that I speak of vocational education in the broadest sense of the term, i.e., the education of all persons for life in the world of work. The program offers occupational education and training in more than 500 recognized occupations. It is conducted in public and private secondary institutions, area vocational-technical schools, junior and four-year colleges and universities. It is conducted in industry through apprenticeship and cooperative part-time vocational education programs. It is found in MDTA skill centers and Job Corps camps. Continuing education and retraining have always been a fundamental concept in vocational education. One half of the total vocational education enrollment is in post secondary and adult programs. On-the-job skill training, combined with basic education and related classroom instruction came into the school curriculum with the Smith-Hughes Act of 1917.

In the decades following the passage of Smith-Hughes, however, vocational education was plagued, particularly in the largest cities, with woefully inadequate funding and the hostility of the academic and general education establishments which controlled educational systems and institutions. More often than not, the vocational program has been treated as the unwanted tenant— isolated, tracked, and depreciated. These attitudes are changing, but our educational system still tends to reward the college bound and the baccalaureate degree seeker. We suffer from snobbishness and elitism.

We fail to get 80 percent of our school's product through four years of college; we fail to get half into college at all; we fail to provide one fourth of our high school students with either an educational alternative or a job, sending nearly one million high school graduates into the labor market each year without a marketable skill. Our drop-out rate climbs. In sum, Mr. Chairman, I suggest to you that education is the only system I know of which blames its product for its failure rather than blaming the system. I suggest to you that every enrollee in a remedial manpower training program represents a failure of our public education system.

Now what, you may ask, does my recitation on vocational education have to do with the pending Manpower Legislation? For you to evaluate the recommendations which I shall offer in a moment, I think it is important for you to understand the perspective in which we view manpower training programs.

I believe that the principal manpower development and training agencies of our nation must be the public schools. Our schools are the only institutions we have which reach every citizen. Unfortunately, too many educators will gladly shed their responsibility to the non-college bound student. Too many will gladly turn these students over to a separate manpower development system. This is the danger we fear—the prospect, well known to European systems, of a dual or caste system of education—one for the economic and intellectual elite, a second, and second class, system for the less gifted and the disadvantaged.

There is something terribly wrong with its values when a society stigmatizes its craftsmen; when our educators cannot instill in their students a regard for the dignity of work; when a refrigerator technician, or a plumber, can earn $20,000 per year and yet be considered a second-class citizen, educationally and socially.

If the education community is to vigorously assume its responsibilities to the non-college bound student, which I believe it must if our society is to survive; if we can agree that education and manpower training are subject to evaluation as a single system; and if we can assume, and I take it as a simple statement of fact, that our schools are the principal agency for job preparation; then I think it follows that our manpower training program must be conducted in a way that will encourage our schools to accept their responsibility in this respect rather than encourage the development of new and separate institutions, thus, reinforcing their inclination to abdicate their responsibilties. Anyone who looks at the per-pupil costs of remediation, and the human waste of irrelevant education, must know that our society cannot economically afford a dual system of education. It is in this context that I make the following observations concerning the proposed manpower legislation.

In reviewing the current Manpower Legislation proposals, the AVA Board of Directors has generally endorsed the provisions for upgrading of skills in industry and filling the resulting vacancies, as well as the concept of public service employment. It also applauds the quality incentive provision of the Administration's bill.

But we are concerned that none of the bills clearly places with educators the responsibility for the educational component of the manpower program. The manpower program encompasses many all-important functions, not the least of which are job development and placement, labor market studies, related social and health services, and subsistence allowances. But we firmly believe that the central misison of training people for jobs is an educational one.

We are concerned when a chicken rendering plant can receive an MA-5 contract to provide instruction in reading and writing without provision that some educational agency will be involved and an educationally sound and competent course of instruction assured.

We are concerned when, under JOBS, a contractor sets up an auto repair course which wholly duplicates a fully equipped skill center three blocks away which has one of the best records in the Nation for training and placing in jobs disadvantaged students.

We are concerned with the Manpower Administration's emphasis on training "slots" rather than the needs of people, its inability to flexibly respond to job market fluctuation, to re-cycle JOBS alumni into institutional programs for further training when they are victims of plant lay-offs.

We are equally concerned if the mayors, governors, employment services or business and industry, exclusively shall pass on the sufficiency of the educational component of a manpower program. We believe this is the portion of the program for which the educators must be given the responsibility; and only if they are unwilling or unable to discharge that responsibility should it pass to others.

I believe the proposed legislation needs to be tightened up in this respect. It should place the responsibility explicitly where the Administration has indicated it expects it to be in any event. It must make the schools the "educators of first resort" in the conduct of manpower training.

Furthermore, if we are to decentralize the administration of Federal manpower funds, we should incorporate the educational values, standards, and objectives into the law, rather than rely on the guideline approach which may or may not have been adequate when the Federal Government administered the program.

It is clear that the primary issue among the various bills pending in Congress is the question of where accountability and responsibility should lie. I am suggesting that this is also the issue with respect to the development of the education and training component of the manpower program.

In light of the foregoing, Mr. Chairman, permit me to list some of the elements which we of the American Vocational Association feel are either necessary elements of a comprehensive Manpower program or are possible suggestions worthy of consideration and discussion.

1. First and foremost, education agencies must be the agency of first resort for the review and conduct of the educational component of manpower programs. In this connection, we must develop a working definition of what the educational component is and incorporate that definition into the law so that the two departments and the various state agencies will clearly understand it.

2. While the Neighborhood Youth Corps does provide part-time jobs for disadvantaged students, I believe no one would dispute that it is in no real sense a manpower training program. It is merely a subsidy program. The NYC can and should be transformed into a bona fide manpower program by transferring or delegating it to HEW for administration under the work-study section of the Vocational Education Act of 1963 as amended. Even the most cursory review of our manpower policies shows the error of funding the NYC to the exclusion of the vocational education work-study authorization.

I know that in the recent past, officials of both the Budget Bureau and the Labor Department have agreed with these recommendations. HEW has, to date, been unwilling to accept this responsibility. If anyone doubts that vocational educators, particularly in the large cities, are ready and willing to accept greater responsibility for the training of the disadvantaged, here is a quick acid test.

3. Inter-departmental rivalries have, in the past, been responsible for much of the overlapping and lack of coordination which have characterized our manpower policies and led to the need for new legislation. Many individuals, in the Congress and the Executive Branch, have recommended a policy and coordinating, inter-departmental council, much like the old Federal Board for Vocational Education, to review and oversee the programs of the respective Departments. Such an advisory or review committee should be representative of the operating departments and agencies and the public. They should be appointed by and report to the President. In addition, I believe the President should have a person on his staff to serve as the liaison between the advisory group and all agencies of the Federal Government that conduct manpower development programs.

The American Vocational Asscoiation endorses the proposals to create such a coordinating and policy making entity. Perhaps a consolidation of the present two national advisory groups would be a beginning. The states, too, need this kind of "systems" planning. Proposed manpower review commissions should be merged with existing vocational education state advisory committees. State plans for vocational education should be requested to consider manpower activities, and vice versa. We are about to have a proliferation of advisory and coordinating mechanisms at the state and national level—all related to manpower and education. We are fast approaching the day when we will be concerned with the problem of "coordinating the coordinators."

4. We believe that a key element of the manpower program should be provisions for up-grading the skills of entry-level employees in industry, tied to the filling of resulting vacancies.

5. We believe that a program to create new jobs in the public sector and consequent training for public service employment is essential.

6. We applaud the introduction of language designed to give incentives for quality programs. For too long we have reviewed project proposals strictly from the viewpoint of compliance with the process and procedures of contract applications.

7. We believe that no single Department or agency is the sole repository of expertise in the manpower field. A case in point is the health-related occupations. It seems clear that in this area, the agencies of HEW are better suited to judge health manpower needs than are the state employment security offices. Section 202 of MDTA must be a two-way street. HEW should be able to initiate Manpower programs too.

8. Provision must be made to strengthen the employment services, affording them more resources, visability and support. In all too many skilled occupations, the employment service is considered by employers to be the referral agency of last resort.

9. Some consideration might be given to structuring the manpower program along the lines of the GI Bill, thus permitting trainees to "shop" in the educational market for their training opportunities, subject, of course, to proper accreditation procedures, and assuring the provision of all related supporting services.

In conclusion, Mr. Chairman, we are in great danger of proliferating responsibility, diffusing our attention, and reinforcing division—all in the name of coordination and planning. Our present solutions bear no relation to problem solving in any "systems" sense of the word.

We know that vocational education and remedial training are components of the manpower, career education and development coutinuum but we cannot develop programs and policies for one without reference to the other. We know that elitism, snobbishness and a monumental lack of adequate, relevant, quality, career-related education, from pre-school through post-secondary education, characterize the school crisis in America but we continue to emphasize only those educational values which reward those individuals involved in academic, liberal arts colleges and college-bound pursuits. We concentrate all others into isolated programs for the "disadvantaged" and, in effect, condemn more than half of our population to second-class status.

If we don't find ways to change our attitudes and values, to bring the "disadvantaged" and the non-academic mainstream of the population into the mainstream of our education institutions, and to make our public educational commitment truly a commitment to the needs of all, then the manpower remediation cycle will expand beyond our economic means, and today's college campus cries for relevancy and change will be but a small footnote to the inevitable general protest to the great majority who constitute today's "educationally forgotten Americans."

Mr. DANIELS. You may proceed, sir.

Mr. BURKETT. With me today is the general counsel, of the American Vocational Association, Mr. Micah Naftalin. I am sure there may be questions he can help answer.

Contrary to the belief of many people, the American Vocational Association has supported manpower legislation in large measure.

We recognize as a professional group of vocational educators that there are many people who have fallen through the cracks of the school system. They need education and training, and vocational education can render a great service to them.

The association supported the Manpower Training Act of 1962. I have been serving on the National Manpower Advisory Council which was appointed by former President Johnson, and have been reappointed under the present administration.

I also serve on the National Advisory Council on Vocational Education. I am the only one in this Nation who serves on both, primarily because of my concern for the ongoing vocational education program and the manpower program.

I am here today as a friend of the manpower program. However, I feel there are some things you as a committee should be alerted to, and I would like to make some suggestions or alternatives for your consideration.

I would like to leave this thought with you, that vocational education and manpower training are interchangeable terms. They are two sides of the same coin. The objectives of manpower are well stated in the 1963 act and also as amended in 1968.

I would like to point out that the Department of Health, Education, and Welfare is the Federal agency that has most of the manpower programs today. Up to 90 percent of all the manpower programs are in this Department. The Manpower Development Training Act is really under a separate agency that has not dealt to a great extent in education and training over the years.

We are concerned as a profession of educators that the danger of a dual system lurks in the background. This could occur if one system deals with the dropout and another with the college bound.

Some people will argue that a dual system is desirable, and I contend that unless we can force the present educational system to respond to the needs of the disadvantaged, this is likely to occur.

The vocational program should be serving over 80 percent of the people who are coming through our educational system. At the present time, it serves only 25 percent. Some people ask why isn't the school responding to it?

I think it is very simple—lack of money. We have never had the resources to do the job.

In 1962, the panel of consultants appointed by President Kennedy recommended that we have $400 million in Federal money. In 1970, we got $379 million. We are 10 years behind the times in the amount of money we are putting into our programs.

Of course, another problem is the lack of commitment on the part of general education to the needs of all people.

We are very much concerned about the manpower program, because a lot of people have been slotted in jobs, instead of educated for a lifetime career. Actually the program has been buying jobs for people.

It is important that people have jobs, but I am concerned when they don't have upward mobility.

I would like to give you my recommendations which appear on page 7 of my prepared testimony.

First and foremost, educational agencies must be the agency of first resort for the review and conduct of the educational component of manpower programs.

Only if the education community fails to respond should we turn to other agencies.

I recognize there are communities that might not accept their responsibilities but many school systems are willing to accept a responsibility if there is funding available.

A second recommendation is for the Neighborhood Youth Corps to become an educational support program. The Neighborhood Youth Corps is not really a manpower program. It is primarily a support program, and if it were funded under the Vocational Education Act and Amendments of 1963 and 1968, it could become a better educational incentive.

So I would recommend that the Neighborhood Youth Corps be put under the work-study section of the Vocational Education Amendments of 1968.

Because of past interdepartmental rivalries in the administration of the manpower programs, I recommend that Congress take another path for administering this program at the Federal level.

I speak with some knowledge and experience on how this could be accomplished.

Go back into history—1917—where the old Federal Board for Vocational Education was established consisting of the Secretaries of all the agencies. They administered the program, and vocational education had a much better opportunity to perform its responsibilities.

I recommend that you give strong consideration to re-establishing the old Federal Board, and placing a liaison in the White House between this Board and the President of the United States. Then the President could easily be aware of prevailing conditions and needs in vocational education.

The manpower program must also provide for the upgrading of skills for those workers at the entry level of industrial employment.

To date most of the programs in manpower have only taught entry-level employment skills. The low-skilled employee must constantly be up-graded to allow new workers to fill his old slot. To accomplish this, considerable expenditure and effort will be necessary.

We believe that jobs should be created in the public sector, and that training should be set up for public service employment as proposed in the O'Hara bill.

We applaud the introduction of language designed to give incentives for quality programs. We have too long reviewed project proposals without any consideration to the real quality of the program and whether or not it had upward mobility.

We believe that no single agency or department is the sole repository of the expertise in the whole manpower field. A case in point is the health-related occupations.

It seems clear that in this area agencies of HEW are better suited to judge health manpower programs than the State employment or security offices.

We believe employment services must be provided more resources. In too many skill occupations, the employment service is considered to be the agency of last resort.

We could imitate the World War II GI bill, where the disadvantaged person was given living costs and, after counseling, a chit to enter an approved institution.

I went through the experience of this bill, and although there was some misuse, I feel it offers the best solution for assuring the student of a quality program without locking him in. This is because it gives him some choice in his occupational training and an opportunity to move up.

In conclusion, Mr. Chairman, we are in great danger of proliferating responsibility, diffusing our attention, and reinforcing division—all in the name of coordination and planning. Our present solutions bear no relation to problem solving in any "systems" sense of the word.

We know that vocational education and remedial training are components of the manpower, career education and development continuum but we cannot develop programs and policies for one without reference to the other.

Elitism, snobbishness and a monumental lack of adequate, relevant, quality, career related education, from preschool through post-secondary education, characterize the school crisis in America. Yet society continues to emphasize only those educational values which reward collegiate pursuits. All other curriculum becomes an isolated program for the "disadvantaged." As a result, more than half of our population is condemned to a second-class status.

If we don't find ways to change our attitudes and values to bring the "disadvantaged" and nonacademic population into the mainstream of our educational institutions, and to make our public educational commitment truly a commitment to the needs of all, then the manpower remediation cycle will expand beyond our economic means, and today's college campus cries for relevancy and change will be but a small footnote to the inevitable general protest of the great majority who constitute today's "educationally forgotten Americans."

Thank you, Mr. Chairman.

Mr. Daniels. Mr. Burkett, I want to thank you for a very fine statement.

Mr. Quie, do you have questions?

Mr. Quie. Thank you, Mr. Chairman.

I want to commend you on your excellent statement, Mr. Burkett, especially your suggestion that the Neighborhood Youth Corps funds be put over in the vocational education work study program.

I think it would be operating much better if we would permit it to be used by educators rather than to be used as a manpower program which, as you indicate, it is not.

Let me ask you, since we have such a short time, for your views on the question of the dual school system. One of the previous witnesses indicated he would prefer having us not pass manpower legislation until such time as we worked out an equality of position, you might say, with educators so that they could compete with the manpower people.

What is your feeling on that matter? Do you think that the chances of a dual school system are so much greater under this legislation than is the case presently that we ought to withhold any action until we strengthen the hand of education?

Mr. Burkett. Congressman Quie, it is my feeling that we have made so much progress since this Congress enacted the law in 1963 and the 1968 amendments, that this committee ought to be aware of what is being done. I don't know to what extent you have gone into the field to see programs. I know the urgency of getting some legislation enacted, but if you would look at some actual programs in operation, you will find that our present system is moving in that direction, and we ought to try to utilize it and make the public schools responsive.

I want to commend you for the 1963 act and the 1968 amendments. I would hope that this committee would look at some of these programs to see if they can't be strengthened without establishing a dual system of education.

Mr. QUIE. I don't want to set up a dual system of education. I want to do what we can to prevent that. Do you think we can offer the amendments and develop this legislation in such a way so that we would reduce substantially the possibilities of a dual education system?

Mr. BURKETT. Yes, if you make the educators responsible for the educational component of this manpower bill.

Mr. QUIE. Do you support the change so that the Department of Health, Education, and Welfare will have equal voice in the conference of the manpower programs as the Department of Labor?

Mr. BURKETT. If you are referring back to my testimony, I feel that it possibly cannot be done so that they have equal voice, because somebody has to be given a responsibility, but I would urge you to give due consideration to the establishment of the same concept that was established in 1917 for the Vocational Education Act at that time, the Federal Board for Vocational Education.

It could be termed the Federal Board for Manpower and Education.

Mr. QUIE. Just as on the State level you suggest that the Vocational Advisory Council and the Manpower Committee be the same.

Mr. BURKETT. Yes.

I would also like to bring out that under the 1968 amendments the State and local communities are required to do comprehensive planning for vocational education. In doing so, they must plan the manpower needs. To have the planning agency at the State level or the local level plan both a manpower and vocational program is to duplicate the effort. At the State and local level the same advisory committees and planning committees ought to work together.

Otherwise, there is going to be duplication, as there is in the manpower programs of today.

Mr. QUIE. I think it is an excellent recommendation, and I hope the committee will be cognizant of that when we mark up the bill. I think you are right that this is a move we ought to make.

On your suggestion No. 9, where you recommend structuring the manpower program after the GI bill so they could shop in the educational market. Are you talking about the post secondary level only, or is it broader?

Mr. BURKETT. Any disadvantaged person who has need for a program can go to secondary schools, and those schools do have adult programs.

Most of them do. I might point out——

Mr. QUIE. You are talking about only adult programs?

Mr. BURKETT. Any time a disadvantaged person is identified as out of school, out of work, unemployed or underemployed.

Mr. QUIE. Whether they are 16 or 18?

Mr. BURKETT. It does not matter. I would point out that half the enrollments in vocational education today are adults and out of school youth. Most people think of vocational education as something in a secondary school. Less than half of the people in vocational education are in secondary schools.

Mr. QUIE. Let me also ask you a question on vocational agriculture, on identity of the programs in vocational education. What is your feeling on that? You know we will never go back to earmarking funds and I don't think any of the groups within vocational education are requesting earmarking. Vocational Agriculture is the strongest voice calling for retention of that identity. What is your feeling in that matter?

Mr. BURKETT. You don't teach vocational education. You teach a subject. So there needs to be leadership and curriculum development in every field in vocational education.

There needs to be leadership in health services, in all of the trade and technical areas, in home economics, so you need people with competency to provide the leadership in those fields.

You don't just teach vocational education, and if we are going to change agriculture to meet the agricultural needs, we have to have some competency and leadership to provide that kind of change.

I say this because I have seen people who claim they were vocational educators and could not teach anything. You have to be able to teach agriculture or a trade or any other occupational area.

Mr. QUIE. Thank you.

Mr. DANIELS. Thank you very kindly.

Our next witness is from the New Jersey section of the American Vocational Association, Mr. Donald C. Springle and Mr. John G. Nealon.

STATEMENT OF DONALD C. SPRINGLE, PRESIDENT, NEW JERSEY SECTION, AMERICAN VOCATIONAL ASSOCIATION

Mr. DANIELS. Without objection, gentlemen, if you wish to summarize, your statements will be incorporated in the record at this point.

(The document referred to follows:)

STATEMENT OF DONALD C. SPRINGLE, PRESIDENT, NEW JERSEY SECTION OF THE AMERICAN VOCATIONAL ASSOCIATION

Mr. Chairman and members of the committee, I am Donald C. Springle, President of the New Jersey Section of the American Vocational Association. I also serve as President of the Council of Local Administrators for County Vocational Schools in New Jersey and am employed as the Superintendent of the Camden County Vocational and Technical Schools.

It is indeed my privilege to appear before you today and to bring the following message to you.

The New Jersey Section of the American Vocational Association and the County Vocational Schools in New Jersey support the need for manpower legislation that will provide remedial vocational training. The need for this remedial education results from the failure of the secondary schools to provide the type of broad base education needed by the citizenry of the State of New Jersey and the nation. We agree with and support the need for this type education but are quite concerned about the system under which this legislation will provide this much needed service.

The school system that I represent, the Camden County Vocational and Technical Schools, provides vocational education of less than high school level as well as high school level. It also provides one and two year post-high school programs, apprentice training, vocational education for adults, and an M.D.T.A. program for the unemployed and disadvantaged. Our school system originated in 1928 and has been serving the needs of Camden County residents for over forty years.

We have just recently opened a new nine million dollar facility to supplement the existing school at Pennsauken as well as the M.D.T.A. Center in the City of Camden.

My reason for mentioning this is to indicate to you, the members of this Committee, that we in vocational education in Camden County have attempted to serve the needs of all who require vocational education within the public schools. We, in Camden County, have attempted to meet the challenge of providing vocational education for all the youth and adults, including the unemployed and under-employed.

Through the Vocational Act of '64 and the amendments of '68, our system provided the only total vocational education program in Camden County. Other school districts had little or no interest in the needs of individuals not planning to go to college. Over the years we have been able to serve less than 3% of the high school youth in the County, while statistics prove that perhaps 80% of our youth did not go to college and graduate. This has been a shameful situation that has existed and, without question, has resulted in the need for much of the remedial training now provided by our M.D.T.A. programs, which is completely federally funded.

May I point out to the members of this Committee that the reason we have not been able to reach more than 3% of the people in Camden County has not been a lack of interest, a lack of knowledge or a lack of desire. It has been due solely to a lack of funds for facilities, supplies, equipment and teaching staff to provide the education needed by this group. We in vocational education are committed to serving the needs of all citizens, not just the college bound.

As a result of this lack of support for vocational education over the years we are now reaping the bitter harvest necessitating provision for remedial vocational education required by the under-employed and the unemployed; people who have long since been forgotten by the main stream of education in the United States.

In order to make an accurate comparison of the cost of preventive vocational education, in other words our on-going vocational programs as well as remedial, may I quote statistics from our own system.

At the present time, one week's instruction in remedial education in our M.D.T.A. Center costs $68.40 per week per trainee, exclusive of stipends for transportation and living expenses. The cost of educating a student for one week in an on-going program of preventive education is costing approximately $31.00 per week and does not require stipends for living expenses.

May I repeat that these are actual figures from a system that has been in operation since 1928 and obviously has had some experience at vocational education. The cost of remedial education is better than twice the cost of preventive education, And this, may I emphasize, is for the educational phase only.

In this matter, there is no question in my mind as I am sure there is none in yours: at this time we need to encourage the continuation of both the remedial and the on-going programs. But, the need is for an adequate total program of vocational education which obviously includes the present on-going programs. This total program concept will eventually reduce the need for remedial vocational education. This can only be done by the increase of on-going, preventive programs, and not by a disproportionate increase in remedial programs.

Our concern must be for quality education and not just quantity education. For too long the educational system in the United States has concerned itself with a numbers game, stating that it is providing education for tremendous numbers of people while completely overlooking the quality of that education. If we address ourselves to quality education and not quantity, I think much can be accomplished in both preventive and remedial vocational education.

Propose manpower legislation, in effect, by-passes existing institutions such as the one I represent, which can do a job, has the knowhow, but unfortunately lacks the funds. The proposed legislation may very well establish a new system which would create a new level of education involving itself with remedial, but not part of the total educational system. This, in my opinion, would be very dangerous and could create tremendous harm to the educational system of the United States.

As you know, there has been a break between general educators and vocational educators for years. This has been evidenced by the need for remedial education at the present time. By creating a third level of education, remedial vocational education, we will be broadening this break between general and vocational education. There will be additional competition over funds for either remedial vocational or on-going vocational programs.

The Department of Labor, traditionally, is not educationally oriented, while the Department of HEW is. The educational expertise found in HEW and in vocational education should be given the opportunity to provide not only the on-going but the remedial programs that are needed in the present society. A dual system of vocational education would encourage drop-outs. An example of this has occurred at our present M.D.T.A. Center where students have dropped out of or-going programs in order to enroll in the M.D.T.A. program for the stipends provided them. Frequently these drop-outs do not need the money to meet living expenses. More problems are created in this fashion.

In many cases, if this were an integrated program, the individual could be kept within the on-going program at less expense, as indicated before—at less than half the expense—and still, if necessary, be provided the financial rewards. By establishing a new system of remedial programs, we would be duplicating facilities, equipment and staffing that already exist but only need to be expanded.

Examples of this exist in our own County where other organizations have attempted to establish training programs in direct competition with our M.D.T.A. program and our existing schools. This, to me, is a waste of money both in equipment, staffing and supplies, let alone the talent that is needed to run these. Sooner or later we will run out of the talent that is required to operate functioning, on-going vocational programs. By continually watering down these programs and spreading them out we are weakening the effect that those few strong leaders of vocational education have.

Current manpower legislation would virtually absolve public education of responsibility for the non-college bound youth and in my opinion foster the development of a dual school system, separated by abstract verbal skills. This could lead to the establishment of a social stratification system that might only compound the racial strife that exists today as well as encourage further stratification of our public educational system. I hope that we are not attempting to duplicate some of the educational systems of Europe whereby an individual is completely segregated from society in a dual system that is not part of a total school system providing the educational needs for the total individual.

The solution to solving the manpower needs in the United States is not through an amputation of a segment of vocational education from the main body of public education. This amputation, in my opinion could serve little or no good. It would build another regime or another hierarchy which would be going to the public trough for funding to provide what can already be provided in a total system of vocational education that would be integrated within the public school system.

May I, therefore, strongly recommend to you, the members of this Committee, that you give very careful consideration to the integration, not the segregation, of a manpower program with vocational education as part of a total program of education for the individual that would include remedial vocational education, preventive vocational education as well as other phases of education needed for the total growth of the individual. I sincerely hope that the members of this Committee will strive for an integrated program and not a segregated program.

Thank you very much for giving me the opportunity to appear before you today.

Mr. DANIELS. You may proceed.

Mr. SPRINGLE. Mr. Chairman, if I may, I would like to explain the school system I represent because the questions your committee has asked this morning are rather important, I think. My position is president of the Camden County Vocational and Technical Schools. Our schools are less than secondary level, secondary level, post-secondary level, adult education, apprentice training, and the manpower training program using entirely Federal funding for the disadvantaged and unemployed and underemployed.

We have a system that I think is meeting the needs of all people who require vocational education with the one exception of the handicapped, and this is the area we are working on.

This is a system that I believe is working and yet I suppose I sound as if I am talking from both sides of my mouth.

The thing I am talking about in the proposed legislation is the possibility of creating a system between the Department of Labor and HEW.

Yet I do represent a system that could be considered a dual system in education.

I believe our system works, it is the second largest system in the State of New Jersey. It works for a number of reasons. No. 1, we have a separate board of education whose only concern is with vocational training, and we have an administration represented by myself at this time along with other administrators whose prime concern is vocational or occupational education.

I graduated from a vocational course in high school, and by total teaching experience was in a so-called comprehensive high school. This system did not seem to work as mixed in with general education.

Members of your committee this morning have indicated that education has failed in providing the necessary training and education needed for the unemployed, than and that we have a pool that is constantly filling while we are attempting to pump it out.

I think the reason for this has been a failure on the part of the education system in the United States, particularly at the secondary level, to provide the occupational and vocational education that is needed.

I think that failure will continue to exist because the average superintendent of schools in the comprehensive district has pressure upon him constantly to constantly meet the demands and needs of the college-oriented student, since he is not among the disadvantaged and comes from a family that is both financially better off, and more vocal in the operation of the community.

So what I am suggesting to you is that your manpower legislation, which you are proposing, can and will work and that we need to provide not only remedial education, but preventive vocational education, and I would hope they would be one and the same, and that they would be combined together in a total program, a total systems approach to providing vocational education.

I believe that this can best be done by creating boards of education whose primary concern is that of vocational occupational education, and that we find, develop and train administrators who have this as their main concern.

I will try to summarize briefly because I know your time is limited. I would like to end at this time, and allow any questions.

Mr. **Daniels.** Mr. Nealon, do you desire to supplement the remarks of Mr. Springle?

STATEMENT OF JOHN G. NEALON, CHAIRMAN OF THE LEGISLATIVE COMMITTEE, NEW JERSEY SECTION, AMERICAN VOCATIONAL ASSOCIATION

Mr. **Nealon.** Very briefly, sir. I had mentioned in my prepared statement regarding the omnibus post-secondary educational bill, title VI.

The Department of Education and Manpower. I think someone was thinking in the right direction there, and I know now who the someone is and I applaud Congressman Quie for going in that direction.

I can mention that it does not go far enough.

Since the preponderance of our educational establishment the people in it, are not going to go through a baccalaureate program, I would like to see such a department with a secretary who is preeminently in that field. I, too, consider that the failure of secondary education is the reason why we have to have a manpower program in the first place, and that the sole objective of a good manpower program is its own liquidation.

(The document referred to follows:)

STATEMENT OF JOHN G. NEALON, CHAIRMAN, THE LEGISLATIVE COMMITTEE, N.J. SECTION OF THE AMERICAN VOCATIONAL ASSOCIATION

Mr. Chairman, and members of the Committee, I am John G. Nealon, Visiting Industrial Professor, Department of Vocational-Technical Education, the Graduate School of Education, Rutgers University. I am on leave-of-absence from Lockheed Electronics Company, a subsidiary of the Lockheed Aircraft Corporation, where I am Senior Manufacturing Research Engineer.

It is in my capacity as a member of the Executive Committee of the N.J. Section of the American Vocational Association that I appear here today and I wish to thank you for the privilege of testifying on the comprehensive manpower legislation.

I wish to state at the outset that vocational education in New Jersey supports manpower programs. And indeed, it is from the ranks of vocational education that the manpower programs have traditionally drawn their professional staffing. But once having stated our support, I think it would be well to consider the *raison detre* for manpower programs in the first place.

THE FAILURE OF SECONDARY EDUCATION

Mr. Chairman, we must face boldly the proposition that the secondary educational system of the country, and the generalist educators responsible for it, are failing an unacceptably large percentage of high school age children. The statistics which lead me to this conclusion are frighteningly evident. Aside from the small percentage of students enrolled in vocational programs in either area vocational school or comprehensive high schools, the vast majority of our youth are being educated in a system which presumes that they are all going to college. But in reality, Mr. Chairman, only 18 to 20% of all of the children in our high schools at this moment will achieve a baccalaureate degree. By far, a much larger percentage are being educated to do nothing. Is it any wonder then that a high dropout rate is endemic to our secondary school system, particularly in those socio-economic groups who feel alienated from society and in which the work-ethic is not necessarily considered a positive social attribute. The content of present secondary curriculums are clearly seen by many students to be irrelevant to their preparation for a respectable position in the world of work.

The argument advanced by many generalists—that we should be seeking ways of improving our secondary school curriculums in order to graduate a higher percentage of academically oriented students—is specious. For it is the very nature of the American college and university system that it provide the professional leadership needed to staff business and industry, and the governmental and academic institutions. Thus, while everyone should have access to higher education if his abilities and proclivities warrant, realistically there is only a limited demand for college graduates in the job market, Yet the technological growth of our nation demands an increasing level of skill and training to function in the service, trades and para-professional areas. Thus, in the words of our President in his recent message on education, "American education is in urgent need of reform."

HISTORICAL REASONS FOR THE DILEMMA

In the last century, the presumption of an academic or high school education was the preparation of a student for college. When, around the end of World War I, the nation shifted from an agricultural to a predominately industrial economy, an eighth grade education was quite satisfactory for the majority of jobs available, and it was not until World War II that the average job required a high school diploma. However, the high school, then as now, continues to think of itself as a preparation for college, and the egalitarian generalists who control the system, and are the products of it, maintain to this day that the thrust of secondary education should be so directed. The real trouble is that the establishment of this country, those who made use of the high school for that purpose—and that includes our legislative bodies—continue to tacitly agree with the philosophies advanced by these educators.

THE FUNCTION OF MANPOWER

We must ask ourselves, what are we really trying to accomplish with the manpower program. For if we are honest, we must admit that the proposed legislation is intended to be remedial in nature. It is designed to ameliorate the deficiencies of secondary education, and to address itself to the economic viability of those whom education has failed. We must never forget, Mr. Chairman, that the primary goal of a manpower program should be its own dissolution and to accomplish this, it is incumbent upon this committee that it adopt an attitude that treats with causative factors rather than symptomatic.

But, I submit, that this is impossible until the philosophy of secondary education changes to meet the exigencies of the time. Congress must now concern itself with the redirection of secondary education in order to obviate the need for manpower legislation. If we are to serve the educationally disenfranchised, the structure of the U.S. Office of Education must reflect this philosophy. The emphasis of federal funding must be upon vocational programs that encourage the high schools of the nation to reverse their present course and make occupational education their dominant pursuit, with academic programs relegated to an appropriate role that reflects the statistical realities.

A NEW WAY OF THINKING

When considering the educational and manpower problems of the nation, I cannot help but resort to the engineering discipline that I have followed for the past fifteen years. The technological evolution of complex scientific programs has forced engineers into thinking in terms of what we call a "systems approach" to the problem, and we have developed a new breed of professionals known as systems engineers. These engineers approach a problem in systematic terms using multi-displinary techniques. Unless the Congress adopts a similar outlook in considering the social problems of the nation, I despair that a truly workable solution will ever be arrived at. The problem cannot be viewed from the standpoint of manpower alone. It is inextricably tied to welfare, elementary and secondary education, vocational education, and certainly, far more comprehensive health services than are available today through legally endorsed channels.

Recently a copy of H.R. 16098 crossed my desk, The "Omnibus Postsecondary Education Act of 1970", and in reviewing that bill, I saw that Title VI—Department of Education and Manpower—proposed an interesting and indeed a far-seeing approach to the problems to which we are addressing ourselves. In brief, Title VI supported the proposition that the U.S. Office of Education and the Bureau of Manpower should be removed from their respective jurisdictions and combined into a new cabinet-level department. While I don't delude myself that this is going to become a legislative reality in the present Congress, nontheless it shows that someone is thinking along lines that I for one applaud. In fact, I would suggest that the provisions of Title VI do not go far enough. I would like to see, recognized in legislation, occupational education as the primary concern of the nation and that the Secretary of such a department would be pre-eminent in that field.

If this legislation evenutually becomes a reality, it will mean a considerable reversal in the educational priorities of Congress as expressed over the past few years. In the words of the first report of the National Advisory Council for Vocational Education, Congress has allocated $1.00 for vocational education for every $14.00 that it invests in higher education. Clearly then, if the need for manpower legislation and manpower programs is to be eliminated we must engender within ourselves a new way of thinking of educational priorities and no matter how painful, to our preconceived notions, we must face the reality that our present secondary educational system no longer adequately serves society's needs. Therefore, we must restructure; keep what is good—and it is indeeded good in preparing people for an academic career—remove what is irrelevant and replace it with programs designed to help the average student enter the world of work.

THE DELIVERY SYSTEM

If we assume that the manpower system is remedial in nature, and that Congress has a true commitment to correct our secondary educational system, then we must be concerned with cost effectiveness of the program and accountability for its operation. Traditionally the expertise in education lies in the Department of Health, Education and Welfare and not in the Department of Labor. But because our administrative structure is broken up into fairly well delineated areas of authority, then the responsibility for manpower programs will inevitably rest with the Department of Labor. I urge you, Mr. Chairman and members of the Committee, to consider well that while the Department of Labor may identify manpower requirements within various industries and geographic areas it is traditionally unable to provide the expertise necessary to structure remedial programs. I urge, therefore, that the pedigogical responsibilities be vested in the various state departments or divisions of vocational education where, in the main, such expertise exists. Do not, I urge you, leave the structure of such programs to dillettantes or novices who are ill equipped for such tasks. The real function of the Department of Labor, both at the Federal and state levels should be to identify problems areas, contract with the local departments of vocational education for their remedy and evaluate the results. But under no circumstances should they be permitted to exercise absolute authority in the educational processes itself.

VOCATIONAL ACT AND MANPOWER LEGISLATION HAVE COMMON PURPOSE

Try as I will, Mr. Chairman, I can find no substantial area of philosophic disagreement between the manpower legislation contemplated and the Vocational Act of 1963 with its two subsequent amendments. It is certainly the intent and objective of the Vocational Act to prepare people with the widest divergence of abilities and interests for entry into gainful employment. Indeed, under the vocational rubric, training is available for the most modest of entry level requirements through the paraprofessional and, under terms of the 1968 amendment, may even include 4-year baccalaureate programs. But lack of funding at both the Federal and state levels, combined with the endemic snobbery of the generalist, who controls the national educational structure, has frust[illegible]ed vocational educators at every turn, and resulted in the social malaise to which the Manpower Act addresses itself.

SUMMARY

To conclude, then, Mr. Chairman, I am greatly concerned with the following points:

1. That a continuing, growing manpower program would tend to de-emphasize and supplant the already existing vocational school system, and by continued emphasis upon manpower, result in a system which would replace the already excellent programs being carried on with minimal federal support.
2. That an increased emphasis upon programs of a remedial nature would tend to de-emphasize the ongoing vocational programs and widen even further the gap that exists between our vocational schools and our academically oriented high schools.
3. That educators, not career personnel from the Department of Labor, would be responsible for formulating manpower program curriculums.
4. That the legislation fails to provide guarantees that the administration of such programs be shared conjointly by both the Departments of Labor, and Health, Education and Welfare with the latter exercising complete authority over educational structure.
5. That the legislation may tend to foster the development of a class structure within the labor force that will be totally dependent upon short term remedial instruction to the detriment of a vocational system concerned with the total educational needs of the individual.

Finally, Mr. Chairman, while the proposed manpower legislation offers a remedial solution, we must not delude ourselves into thinking that it is a final one. For only by eliminating the cause can we effect a truly permanent cure. And that cause is the failure of our secondary educational system as it presently exists. Only by expanding our present vocational school system, by building additional modern facilities in the center of our urban areas, by inculcating our people with the concept that all work is dignified, and that stimulating and rewarding careers are rot necessarily the sole province of the college graduate, can we finally obviate the need for manpower legislation.

Mr. DANIELS. Mr. Springle, you indicated that a vocational education system is developing under our manpower programs, and that you are profitably administering such a program in Camden, N.J.

How do you feel that your system is working at the present time?

Mr. SPRINGLE. At the present time, with the exception of the manpower phase of our system, I believe it is working very well, with our separate board and separate administration.

Mr. DANIELS. How would you insure that there will be dual systems that will arise under these programs?

Mr. SPRINGLE. I don't think, Mr. Chairman, that you can insure that a dual system will not arise. The point I am trying to make is that in the operation of a manpower program, I believe we must integrate and not segregate the remedial portion with the preventive portion of education in this area.

This is my concern. I don't think we are meeting the needs of the disadvantaged, the minority groups, or those who are under employed and those who could move up and create openings at a lower level by amputating vocational education from remedial education, and I am hoping that what will occur is that we will combine together, using the expertise of the people who are trained in vocational and occupational education, a system that will combine the preventive and remedial programs throughout the country.

Mr. DANIELS. Thank you.

Mr. Quie.

Mr. QUIE. No questions.

Mr. DANIELS. Thank you, gentlemen.

The committee will stand adjourned until 9:30 tomorrow morning when we will meet in room 2237.

(Whereupon, at 12:25 p.m. the Select Subcommittee on Labor recessed, to reconvene at 9:30 a.m., Tuesday, April 21, 1970, in room 2237, Rayburn House Office Building.)

MANPOWER ACT OF 1969

TUESDAY, APRIL 21, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice in room 2237, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Hawkins and Scherle.

Staff members present: Daniel H. Krivit, counsel; Charles Radcliffe minority counsel for education and Cathy Romano, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order. This morning we continue with hearings on the creation of a national manpower act to provide meaningful employment to all men and women who desire a job, may live with dignity and respect.

Our first witness this morning is the Honorable George C. McGhee, special representative of the chairman of the Urban Coalition Action Council, Washington, D.C.

I extend to you a cordial welcome, Mr. McGhee.

STATEMENT OF GEORGE McGHEE, SPECIAL REPRESENTATIVE OF THE CHAIRMAN OF THE URBAN COALITION ACTION COUNCIL, WASHINGTON, D.C., ACCOMPANIED BY RONALD JAMES, UCAC, AND WAYNE HORVITZ, UCAC CONSULTANTS

Mr. McGhee. Thank you, Mr. Chairman.

I have with me Mr. Ron James of the Urban Coalition Action Council on my left and on my right Mr. Wayne Horvitz, who serves as consultant for the Urban Coalition.

I am special representative of Mr. John W. Gardner, who is the chairman of the Urban Coalition Action Council. As you know, Mr. Gardner is former Secretary of Health, Education and Welfare.

Mr. Daniels. I know him very well. He is a very fine gentleman.

Mr. McGhee. I come from industry, though I served many years in the Department of State, and I am a member of the CED Committee concerning improving the public welfare system.

We recently issued a report on this subject, and a separate committee is now considering the question of jobs and training.

I appear here today to represent that broad constituency of business, labor, church, civil rights and community groups that have coalesced through the Urban Coalition Action Council now under consideration by this subcommittee.

With your approval, I will read the prepared statement, skipping the last portions.

Mr. DANIELS. May I suggest that we incorporate your printed testimony in the record at this point, and you may proceed to summarize the points you think most important.

Mr. MCGHEE. Very good.

Mr. DANIELS. Without objection, your statement will be printed in the record at this point.

(Mr. McGhee's statement follows:)

STATEMENT OF GEORGE C. MCGHEE ON BEHALF OF THE URBAN COALITION ACTION COUNCIL

My name is George C. McGhee and I appear here today as spokesman for the Urban Coalition Action Council. Its chairman is John W. Gardner, former Secretary of Health, Education, and Welfare.

I appear here today to represent that broad constituency of business, labor, church, civil rights and community groups that have coalesced through the Urban Coalition Action Council, to speak as a single voice on the manpower bills now under consideration by this subcommittee.

The debate about these bills revolves around two questions. One concerns the adequacy of performance of the present manpower programs and what can be done, if anything, to improve them. The second is whether there shoud be Federally funded and added to the present basket of programs a substantial public service job creation program.

H.R. 10908, sponsored by Congressman William Steiger, and S. 2838, sometimes referred to as the Administration Bill and introduced by Senator Javits, set forth concrete recommendations for both conceptual and mechanical changes in the administration of existing programs. Neither proposes a public service employment (i.e. job creation) program, however, this possibility is contemplated in the array of manpower programs from which public and non-profit institutions, as well as the private sector, can seek Federal support for job training and supportive services.

The realities of the situation are such, however, that requests for such programs are not likely to be forthcoming in the absence of a Federal wage subsidy. H.R. 11620, sponsored by Congressman James O'Hara, differs from the other two in that it faces this reality by providing for a Federally funded job creation program.

This subcommittee has heard an impressive array of Administration spokesmen, mayors, city and county manpower officials and representatives of community action groups and private manpower organizations. They have spoken on such important questions as delivery system efficiency, program cost and effectiveness of present programs. This has been supplemented by field hearings which have brought out new and useful information.

In some of these hearings urban coalition spokesmen from the business community have offered their views on existing manpower programs and the various proposals. We do not propose today to add anything new of a technical nature.

We do, however, wish to express concern that the practical effect of the present Administration proposals will be to limit severely the ability of the mayors of our cities to develop manpower programs for those segments of the population that are most in need of jobs. We are concerned that Administration proposals will limit responsible community action agencies in their ability to influence the development and carrying out of manpower programs. The concept of the advisory role is not, in our judgment, sufficient for this purpose.

Washington Labor Department spokesmen have on numerous occasions reassured those who have had misgivings on these two points that the fears of the mayors and community action groups were unfounded. If this is the case we believe that the Administration Bill is, to say the least, deficient in clarity. We suggest that qualified technicians be assigned to make it say what Administration spokesmen say it means.

Our main purpose today, however, is to urge the establishment of a Federally funded public service job creation program, separate from the manpower programs that have been designed primarily for the private sector with emphasis on training. I will, therefore, direct the remainder of my testimony to explaining why we believe such a program essential.

Since its inception in 1967 the National Urban Coalition has consistently supported a program of public service employment. The steering committee of the convocation that created the Coalition stated its position, in part, as follows:

> (1) "The Federal Government must enlist the cooperation of government at all levels and of private industry to assure that meaningful productive work is available to everyone willing and able to work."
>
> (2) "To create socially useful jobs, the . . . program should concentrate on the huge backlog of employment needs in parks, streets, slums, countryside, schools, colleges, libraries, and hospitals . . ."
>
> (3) "The program must provide meaningful jobs—not dead end, make work projects . . ."
>
> (4) "Basic education, training and counseling must be an integral part of the program . . . Funds for training education and counseling should be made available to private industry as well as to public and private nonprofit agencies."
>
> (5) "Such a program should seek to qualify new employees to become part of the regular work force and to meet normal performance standards."
>
> (6) "The operation of the program should be keyed to specific localized unemployment problems and focused initially on those areas where the need is most apparent."

On April 1, 1968, in testimony before the Subcommittee on Employment, Manpower and Poverty of the Senate Committee on Labor and Public Welfare, John W. Gardner, chairman of the Urban Coalition Action Council, reaffirmed the convocation's statement. Mr. Gardner's testimony also made public for the first time the preliminary conclusions of a study by Dr. Harold Sheppard of the Upjohn Institute, who had been commissioned by the Urban Coalition to examine the general problems of underemployment and unemployment in this country.[1]

Dr. Sheppard's study, released in final form in January 1969, served to dispel some of the myths which have in the past influenced thinking on unemployment and underemployment; about the poor who do not work and the much larger group of poor who do. For example, it is now widely acknowledged that 85 to 90 per cent of the poor who do not work are ill, disabled, in school or are women who are unable to enter the labor market because of home responsibilities.

Dr. Sheppard's analysis emphasized the critical facts about the underemployed, whom he defines as those who work and are still poor. In any analysis of what constitutes the poor in this country, underemployment looms as large—if not larger—than unemployment. Dr. Sheppard found, using Bureau of Census figures, that there were perhaps as many as 7.3 million people in this country who were underemployed. This is a significant figure since it includes by definition people who work and are still poor, but not those defined as unemployed by the Federal Government.

Dr. Sheppard's analysis went further to show the serious consequences for our major cities. According to Office of Economic Opportunity estimates their central cities contained nearly 1.3 million job seekers or underemployed poor persons, of whom 33% were in the 16–21 age group (1966 figures). Figures for Detroit for 1966 show that whereas the unemployment rate for the city as a whole was 3.8%, for 16–19 year olds it was 13.6% totalling 22,000. Unemployment in the central city, both white and nonwhite, was 11.2% totalling 34,000. In Los Angeles, there were 35,000 unemployed between 16 and 19 with the total for the central city 71,000.[2]

The interest of the Urban Coalition Action Council in unemployment in the ghetto derives not only from its adverse economic and moral effect, it is also a reflection of our belief in the importance of work in the American culture, and a recognition that there is today the real threat of a counter-culture of "non-work" developing in the ghetto.

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[1] Harold L. Sheppard, *The Nature of the Job Problem and the Role of New Public Service Employment*, the Upjohn Institute, January, 1969.

[2] The data for Detroit and Los Angeles are from the Supplement to the President's 1969 *Manpower Report* and are averages for the calendar year 1968. Data is also available for 18 other cities.

The case was as well documented in the following report of the National Advisory Commission on Civil Disorders (March 1968):

"The capacity to obtain and hold a 'good job' is the traditional test of participation in American society. Steady employment with adequate compensation provides both purchasing power and social status. It develops the capability, confidence, and self esteem an individual needs to be a responsible citizen and provides a basis for stable family life."

More recently, Assistant Labor Secretary Arthur Fletcher stated:

"It is quite clear that as important as education is, it is not the only answer. The problem is basically economic—a problem involving jobs. What is needed is making sure that every individual in this country with the ability and the desire to work has the opportunity to do so."

The Kerner Commission also pointed out the persistent phenomenon of ghetto unemployment and went on to make the following important observation about that problem:

"Even more important perhaps than unemployment is the related problem of the undesirable nature of many jobs open to Negroes. Negro workers are concentrated in the lowest skilled and lowest paying occupations. These jobs often involve substandard wages, great instability and uncertainty of tenure, extremely low status in the eyes of both employer and employee, little or no chance for meaningful advancement, and unpleasant or exhausting duties. Negro men in particular are more than three times as likely as whites to be in unskilled or service jobs that pay far less than most."

The Commission estimated that the rewards to society in purely *economic* terms would be enormous. Using 1966 figures and adjusting for the Census Bureau undercount of black people, eliminating non-white unemployment but holding income at non-white averages would have increased non-white income by $2.8 billion. On the other hand, if non-white unemployment had remained at the then 7.3 percent level, but non-white men were upgraded so that they had the same occupational distribution and incomes as all men in the labor force, there would have been produced about $4.8 billion in additional income. Had both been achieved the total increase would have been $7.6 billion.

The Department of Labor estimated in 1966 that underemployment in disadvantaged black areas ran two and one half times unemployment and that the combination in nine areas surveyed was about 33 percent, one out of every three persons. The Kerner Commission concluded that it would in 1967 have taken 923,000 reasonably paying jobs to reduce this rate to the then current unemployment rate for whites.

Although these conditions had been highlighted by civil disorders culminating in the widespread disturbances in the summer of 1967, previously referred to, declining unemployment gave evidence that jobs in the private sector were at the same time actually growing. The need for additional services in the public sector was growing too, however, the necessary jobs were not created.

Interestingly enough the President's Commission on Automation and Technology had as far back as 1966 taken note of the need for jobs in the public sector. This potential job market was related to the slackening of demand for blue collar workers, caused by a shift in jobs from labor intensive to capital intensive industry as a result of a rapidly expanding technology.

The combination of a reduction in the number and a change in the quality of those jobs led the Commission to look for other areas of possible job expansion in the years ahead. They found it in the expanding private service area and in public service jobs. The Commission estimated that 5 million public sector jobs could be created if the funds and facilities were avilable.[3]

In 1968 the Urban Coalition, in conjunction with Urban America, issued a report entitled "One Year Later". That report attempted to assess the nation's response to the crisis so eloquently described by the National Advisory Commission on Civil Disorders. In commenting on income and employment, the Commission had divided its employment goals between the public and the private sectors and between job training and job creation. The Coalition report stated that although increased private/public cooperation on job training had produced measurable progress, job creation was limited almost entirely on the private side.

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[3] Report of the National Commission on Technology, Automation and Economic Progress, *Technology and the American Economy*, Washington, D.C.: Government Printing Office, February 1966, page 36.

The largest gap, therefore, remains in the creation of additional public jobs. Legislation for this purpose came within five votes of passing the Senate after the summer disorders of 1967, however, none of the several bills paralleling the Commission recommendations reached the floor of either House in 1968. All were opposed by the Johnson Administration.

In 1968 the persistent unemployment and underemployment figures still haunted us. The evidence was that prosperity alone could not break the cycle of poverty. Policy makers, however, in an astonishing display of bipartisan faith, continue to believe that the economic "growth" of the 1960s complemented by private sector employment, would reverse the persistent high unemployment of the central cities, particularly among the youth. Little attention was paid to public service job creation.

The private sector, particularly through the National Alliance of Businessmen has made a very creditable effort to hire and train the "hard-core". Many of our business leaders have devoted time and interest to this effort. The NAB goal of 338,000 for 1969 resulted in 325,969 jobs, with retention rates averaging over 50%. Great ingenuity has been displayed in organizing training programs and in helping the new employees to make the difficult transition to job discipline.

It would not be reasonable, however, to expect the private sector to do the whole job. The jobs are just not there. Corporations, who have responsibilities to stockholders and for survival, cannot be expected to produce jobs that cannot be justified economically. When orders decrease layoffs must occur and the last employed—unfortunately often the recently employed "hardcore"—are let go first.

In the meantime, our cities have not had sufficient revenues to provide new jobs to match those in the private sector—even though the need for additional public services continues to increase.

The fact is that our sustained economic growth did not solve the chronic unemployment problem of the late 1950s and early 1960s. We clouded part of the issue by changes in definitions used in the compiling of unemployment statistics. We put part of it on the back burner by taking large numbers of new entrants into the labor market into the armed forces and by increases in defense spending. We ignored the fact, so clearly evident in the Kerner Commission Report and "One Year Later", that persistent unemployment and underemployment in the ghetto does not respond to economic growth alone.

This committee has already heard testimony from Dr. Charles Killingsworth, Professor at Michigan State University. He has, in our judgment, subjected the economic plight of our cities to a penetrating economic analysis. He has been able to explain the heartbreak of the unemployed and underemployed in our cities in very simple terms, which any objective observer could attest to.

Dr. Killingsworth's thesis is that the evolving technology and changing consumption patterns of the economy have produced opposite effects in the upper and lower sectors of the labor market. The demand for better educated, more skilled workers has increased and in fact has tended to outrun the supply. The demand for less skilled, less educated workers has, on the other hand, declined at a rate which has outrun the shrinkage in supply.

The question of why the realities of our employment situation have been ignored during this period of prosperity is difficult to understand. However, recent developments on the anti-inflation front, the latest unemployment statistics and the requirements in the welfare reform proposals that those seeking income maintenance accept training for jobs—have at last forced us to recognize the realities of chronic unemployment and underemployment.

But before we turn to specific suggestions with respect to the solution to these problems in 1970, I should like to comment on the job creation capability of the public sector. I would like to return to the study of Dr. Sheppard previously mentioned.

In addition to asking Dr. Sheppard to analyze the job problem, the Coalition also asked him to make some estimate of the job possibilities in expanding existing local public services. In cooperation with the U.S. Conference of Mayors, the mayors of 50 cities with a population of 100,000 were requested to estimate the extent to which community service jobs could be increased if funds were available. Dr. Sheppard concluded that . . . "there are approximately 280,000 job possibilities among the 13 municipal public service functions cited in the questionnaire . . . These possibilities of course are at the present time only theoretical in that funds are not currently available to make them into real job openings."

Even more significant was the fact that city representatives estimated that there were at least 140,000 jobs that did not require technical or professional training and could be filled by inner city residents. Contrary to the popular myth that those who support this kind of job creation program are promulgating make-work programs, 30 percent were in education (27 per cent non-professional); 12.4 per cent were in health and hospitals (13.3 per cent were non-professional); and 25 per cent were in police, fire and sanitation (23 per cent could be filled by non-professionals). We consider these categories of public service employment to be essential.

Today many are viewing with alarm the trend of the Administration's anti-inflation policies. Milton Friedman, who is not viewed as the darling of the liberal economists, suggests that if present policies continue unabated, we can expect unemployment to rise to seven or eight percent by 1971.

We do not feel qualified to enter that debate. We do suggest, however, that once again those in our society least able to bear the burden of these policies have been asked to be the shock absorbers of deflation. When the unemployment rate rises one percentage point we are talking not just about numbers but about the fate of 800,000 human beings.

A recent comment by a top government official to the effect that the rise in unemployment fell more heavily on whites than on non-whites is not borne out by the facts. Actually, while the unemployment rate for whites was holding steady that for blacks increased.

Labor Department profiles of poverty pockets in six large cities were released in October of 1969. This program survey, initiated in 1968, showed that the unemployment rates in Atlanta, Chicago, Detroit, Houston, Los Angeles and New York were well above that for the nation.

In Detroit the rate for black workers was 15.2 percent; in Los Angeles 13.5 percent. In all six areas the jobless rates for black teenagers were especially high, a shocking 45 percent in Los Angeles, 40 percent in Detroit and 38 percent in Houston—with the national rate of a startling 25 percent. Black men who were household heads in the poverty area had an unemployment rate of 7.2 percent in Los Angeles and 4.9 percent in Detroit, higher than the very respectable comparable rate of 2.8 percent nationally.

Spanish-speaking (primarily Chicanos and Puerto Rican) workers had an unemployment rate of 6.5 percent in Houston, 6.1 percent in Los Angeles and 9 percent in New York City. For teenagers in New York the rate was 25 percent.

These high figures for all groups ignore the equally high rate of underemployment and do not take into account the rural poor. At the end of 1968 it is estimated that there were 25.4 million "poor" Americans. Thirty-seven percent of these live in rural areas, 68 percent being white. One final point must be made to complete the picture:

President Nixon has, as you know, taken the initiative to reform America's outmoded welfare system. Last week this House passed the welfare reform measure by a commendably large margin. With some suggested improvements, we have strongly supported the President's proposal—particularly the philosophy on which it is based. In August of last year the Urban Coalition Action Council stated in part:

"The President's proposals are significant on several counts:

> (a) They will provide assistance to the millions of working poor who are totally ignored by the present system.
>
> (b) They will provide income to unemployed persons who are seeking work or training thereby keeping families together . . .
>
> (c) They remove the powerful barrier to work which is a gross defect of the present system and introduce a positive incentive for the individual to enter the job market.

We have strongly advocated such measures and we will do all that we can to make them a legislative reality."

The Urban Coalition Action Council went on to suggest some ways in which the program might be strengthened and noted:

"The proposals could be more effective if they were supplemented by a job creation program. There is a danger that the new training opportunities proposed by the President will simply become a revolving door through which potential employees pass without obtaining employment. . ."

The great merit of a public service employment program is that it could be aimed specifically at those sectors of the labor market that benefit least from present programs and share least in the growth of the economy. We know that many of the less skilled and educated did not share in our prosperity even before we set out to control inflation. That kind of unemployment and underemployment is pervasive and explosive.

The private sector has not failed to do its job—rather the job is clearly beyond their capabilities. It would be a cruel jest if in a country devoted to the dignity of work, we insisted that the poor "prove" their willingness to work, trained them for work, and then denied them the opportunity to work. What more explosive ingredient could we introduce into our society at this time than *that* type of manpower training, *that* type of welfare reform?

Administration spokesmen have asserted that a public service employment program is a part of their manpower proposals. Yet a number of witnesses, including Walter Heller former chairman of the Council of Economic Advisors, have pointed out that there is a missing link. One cannot talk about public service employment and ignore the need for Federal funding to create and support more jobs.

Therefore, we urge this committee to give public service employment a real start in this country. We urge it for three reasons:

1. To create job opportunities for the large number of our inner city inhabitants who have not been and are not likely to be absorbed by the private sector.
2. To make an important start on filling the backlog of real needs in the public sector. This will help to reverse the trend of deteriorating public services in our cities that contribute heavily to the incidence of crime, the decline of educational facilities and health care and the general litter and deterioration of our cities.
3. To give real meaning to the concepts the President had enunciated in his welfare reform proposals, by offering hope that welfare can be a stepping stone to employment.

Public service employment should not merely be included in an array of manpower programs from which state and local administrators can pick and choose. It would be lost in the competition for limited funds. To the extent that resources are made available other important programs will suffer. A special appropriation and strong Federal direction, at least initially, is imperative. This in no way conflicts with the basic concepts of the new Federalism and new approaches to manpower control at the State and local levels.

Public service employment is not a cure-all. It will not provide enough jobs to eliminate unemployment. It will not eradicate poverty. It will not foreclose the need for economic growth to provide more jobs in the private sector. It will not eliminate the need to combat inflation.

Such a program will, however, establish for the first time in our society a national commitment to offer to people who need and want work the opportunity to be trained for public service jobs the need for which clearly exists, and that are not dead-end make-work. We can start to reverse the present vicious cycle.

Mr. McGhee. The debate about these bills revolves around two questions. One concerns the adequacy of performance of the present manpower programs and what can be done, if anything, to improve them.

The second is whether there should be federally funded and added to the present basket of programs a substantial public service job creation program.

H.R. 10908, sponsored by Congressman William Steiger, and S. 2838, sometimes referred to as the administration bill and introduced by Senator Javits, set forth concrete recommendations for both conceptual and mechanical changes in the administration of existing programs.

Neither proposes a public service—that is, job creation—program; however, this possibility is contemplated in the array of manpower programs from which public and nonprofit institutions, as well as the private sector, can seek Federal support for job training and supportive services.

The realities of the situation are such, however, that requests for such programs are not likely to be forthcoming in the absence of a Federal wage subsidy.

H.R. 11620, sponsored by Congressman James O'Hara, differs from the other two in that it faces this reality by providing for a federally funded job creation program.

This subcommittee has heard an impassive array of administration spokesmen, mayors, city, and county manpower officials and representatives of community action groups and private manpower organizations.

They have spoken on such important questions as delivery system efficiency, program cost, and effectiveness of present programs. This has been supplemented by field hearings which have brought out new and useful information.

In some of these hearings representatives of urban coalition spokesmen from the business community have offered their views on existing manpower programs and the various proposals. We do not propose today to add anything new of a technical nature.

We do, however, wish to express concern that the practical effect of the present administration proposals will be to limit severely the ability of the mayors of our cities to develop manpower programs for those segments of the population that are most in need of jobs.

We are concerned that administration proposals will limit responsible community action agencies in their ability to influence the development and carrying out of manpower programs.

The concept of the advisory role is not, in our judgment, sufficient for this purpose.

Washington Labor Department spokesmen have now on numerous occasions reassured those who have had misgivings on these two points that the fears of the mayors and the community action agencies and groups were unfounded.

If this is a case we believe that the administration bill is to say the least deficient in clarity. We suggest that qualified technicians be assigned to make it say what administration spokesmen say it means.

Our main purposes today, however, is to urge the establishment of a federally funded public service job creation program, separate from the manpower programs that have been designed primarily for the private sector with emphasis on training.

I will therefore direct the remainder of my testimony to explaining why we believe such a program essential.

Since the inception in 1967 the National Urban Coalition has consistently supported a program of public service employment.

On April 1, 1968, in testimony before the Subcommittee on Employment, Manpower, and Poverty of the Senate Committee on Labor and Public Welfare, John W. Gardner, chairman of the Urban Action Council, reaffirmed the convocation's statement.

Mr. Gardner's testimony also made public for the first time the preliminary conclusions of a study by Dr. Harold Sheppard of the Upjohn Institute, who had been commissioned by the Urban Coalition to examine the general problems of underemployment and unemployment in this country.

Dr. Sheppard's study, released in final form in January 1969, served to dispel some of the myths which have in the past influenced thinking on unemployment and underemployment: about the poor who do not work and the much larger group of poor who do.

For example, it is now so widely acknowledged that 85 to 90 percent of the poor who do not work are ill, disabled, in school, or are women who are unable to enter the labor market because of home responsibilities.

Dr. Sheppard's analysis emphasized the critical facts about the underemployed, whom he defines as those who work and are still poor.

In any analysis of what constitutes the poor in this country, underemployment looms as large—if not larger—than unemployment.

Dr. Sheppard found, using Bureau of the Census figures, that there were perhaps as many as 7.3 million people in this country who were underemployed. This is a significant figure since it includes by definition people who work and are still poor, but not those defined as unemployed by the Federal Government.

Dr. Sheppard's analysis went further to show the serious consequences for our major cities, of this situation. According to the Office of Economic Opportunity estimates central cities contained nearly 1.3 million job seekers or underemployed poor persons, of whom 33 percent were in the 16 to 21 age group (1966 figures).

Figures for Detroit for 1966 show that whereas the unemployment rate for the city as a whole was 3.8 percent for 16-to-19-year-olds it was 13.6 percent totaling 22,000.

Unemployment in the central city, both white and nonwhite, was 11.2 percent totaling 34,000. In Los Angeles, there were 35,000 unemployed between 16 and 19 with the total for the central city 71,000.

The interest of the Urban Coalition Action Council in unemployment in the ghetto derives not only upon its adverse economic and moral effect, it also is a reflection of our belief in the importance of work in the American culture, and a recognition that there is today the real threat of a counterculture of "nonwork" developing in the ghetto.

I skip here to page 10, Mr. Chairman, if you are following me.

Although these conditions had been highlighted by civil disorders culminating in the widespread disturbances in the summer of 1967, previously referred to, declining unemployment gave evidence that jobs in the private sector were at the same time actually growing.

The need for additional services in the public sector was growing too, however, the necessary jobs were not created.

In 1968 the Urban Coalition, in conjunction with Urban America, issued a report entitled "One Year Later."

That report attempted to assess the Nation's response to the crisis so eloquently described by the National Advisory Commission on Civil Disorders.

In commenting on income and employment the Commission had divided its employment goals between the public and the private sectors and between job training and job creation.

The coalition report stated that although increased private/public cooperation on-job training had produced measurable progress, job creation was limited almost entirely on the private side.

I would like to contrast that figure of 5 million, Mr. Chairman, with the figure given by Dr. Sheppard's figures of 7.3 million underemployed, and the current estimates by the Government which are 3.5

million unemployed, but according to professor Killingsworth, who testified before you, he thinks it goes to 5 million.

So these figures are quite comparable with the number of jobs that the Commission itself thought existed.

The largest gap, therefore, remains in the creation of additional public jobs. Legislation for this purpose came within five votes of passing the Senate after the summer disorders of 1967, however, none of the several bills paralleling the Commission recommendations reached the floor of either House in 1968. All were opposed by the Johnson administration.

In 1968 the persistent unemployment and underemployment figures still haunted us. The evidence was that prosperity alone could not break the cycle of poverty. Policymakers, however, in an astonishing display of bipartisan faith, continue to believe that the economic "growth" of the 1960's complemented by private sector employment, would reverse the persistent high unemployment of the central cities, particularly among the youth. Little attention was paid to public service job creation.

The private sector, particularly through the National Alliance of Businessmen has made a very creditable effort to hire and train the hard core.

Many of our business leaders have devoted time and interest to this effort. The NAB goal of 338,000 for 1969 resulted in 325,969 jobs with retention rates averaging over 50 percent.

Great ingenuity has been displayed in organizing training programs and is helping the new employees to make the difficult transition to the job discipline.

It would not be reasonable, however, to expect the private sector to do the whole job.

The jobs are just not there. Corporations, who have responsibilities to stockholders and for survival, cannot be expected to produce jobs that cannot be justified economically.

When orders decrease, layoffs must occur and the last employed—unfortunately often the recently employed "hardcore"—are let go first.

In the meantime, our cities have not had sufficient revenues to provide new jobs to match those in the private sector—even though the need for additional public services continues to increase.

The fact is that our sustained economic growth did not solve the chronic unemployment problem of the late 1950's and early 1960's. We clouded part of the issue by changes in definitions used in the compiling of unemployment statistics.

We put part of it on the back burner by taking large numbers of new entrants from the labor market into the Armed Forces and by increases in defense spending.

We ignored the fact, so clearly evident in the Kerner Commission Report and "One Year Later" that persistent unemployment and underemployment in the ghetto does not respond to economic growth alone.

This committee has already heard testimony from Dr. Charles Killingsworth, professor at Michigan State University. He has, in our judgment, subjected the economic plight of our cities to a penetrating economic analysis.

He also has been able to explain the heartbreak of the unemployed and underemployed in our cities in very simple terms, which any objective observer could attest to.

Dr. Killingsworth's thesis is that the evolving technology and changing consumption patterns of the economy have produced opposite effects in the upper and lower sectors of the labor market.

The demand for better educated, more skilled workers has increased and in fact has tended to outrun the supply. The demand for less skilled, less educated workers has, on the other hand, declined at a rate which has outrun the shrinkage in supply.

The question of why the realities of our employment situation have been ignored during this period of prosperity is difficult to understand. However, recent developments on the anti-inflation front, the latest unemployment statistics and the requirements in the welfare reform proposals that those seeking income maintenance accept training for jobs—have at last forced us to recognize the realities of chronic unemployment and underemployment.

But before we turn to specific suggestions with respect to the solution to these problems in 1970, I should like to comment on the job creation capability of the public sector.

I would like to return to the study of Dr. Sheppard previously mentioned.

In addition to asking Dr. Sheppard to analyze the job problem, the coalition also asked him to make some estimate of the job possibilities in expanding existing local public services.

In cooperation with the U.S. Conference of Mayors, the mayors of 50 cities with a population of 100,000 were requested to estimate the extent to which community service jobs could be increased if funds were available.

Dr. Sheppard concluded that—

> There were approximately 280,000 job possibilities among the 13 municipal public service functions cited in the questionnaire.

These possibilities, of course, are at the present time only theoretical in that funds are not currently available to make them into real job openings.

I would like to point out, Mr. Chairman, that the discrepancy between this figure and the 5 million figure is that this survey was a very limited survey.

Mr. Daniels. You mentioned 13 cities.

Mr. McGhee. Sir, it is 50 cities over 100,000, but only this limited sector of the public service offered by these cities.

Even more significant was the fact that city representatives estimated that there were at least 140,000 jobs that did not require technical or professional training and could be filled by inner city residents.

Contrary to the popular myth that those who support this kind of job creation program are promulgating make-work programs, 30 percent were in education (27 percent nonprofessional); 12.4 percent were in health and hospitals (13.3 percent were nonprofessional); and 25 percent were in police, fire and sanitation (23 percent could be filled by nonprofessionals).

We consider these categories of public service employment to be essential.

Today many are viewing with alarm the trend of the administration's anti-inflation policies. Milton Friedman, who is not viewed as the darling of the liberal economists, suggests that if present policies continue unabated, we can expect unemployment to rise to 7 or 8 percent by 1971.

We do not feel qualified to enter that debate. We do suggest, however, that once again those in our society least able to bear the burden of these policies have been asked to be the shock absorbers of deflation.

When the unemployment rate raises 1 percentage point we are talking not just about numbers but about the fate of 800,000 human beings.

Labor Department profiles of poverty pockets in six large cities were released in October of 1969. This program survey, initiated in 1968, showed that the unemployment rates in Atlanta, Chicago, Detroit, Houston, Los Angeles and New York were well above that for the Nation.

In Detroit the rate for black workers was 15.2 percent; in Los Angeles 13.5 percent. In all six areas the jobless rates for black teenagers were especially high, a shocking 45 percent in Los Angeles, 40 percent in Detroit and 38 percent in Houston—with the national rate a startling 25 percent.

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President Nixon has as you know, taken the initiative to reform America's outmoded welfare system. Last week this House passed the welfare reform measure by a commendably large margin.

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In August of last year the Urban Coalition Action Council went on to suggest some ways in which the program might be strengthened and noted:

> The proposals could be more effective if they were supplemented by a job creation program. There is a danger that the new training opportunities proposed by the President will simply become a revolving door through which potential employees pass without obtaining employment.

The great merit of a public service employment program is that it could be aimed at those sectors of the labor market that benefit least from present programs and share least in the growth of the economy.

We know that many of the less skilled and educated did not share in our prosperity even before we set out to control inflation.

That kind of employment and underemployment is pervasive and explosive.

The private sector has not failed to do its job—rather the job is clearly beyond their capabilities. It would be a cruel jest if in a country devoted to the dignity of work, we insisted that the poor "prove" their willingness to work.

Trained them for work, and then denied them the opportunity to work. What more explosive ingredient could we introduce into our society at this time than that type of manpower training, that type of welfare program?

Administration spokesmen have asserted that a public service employment program is a part of their manpower proposals.

Yet a number of witnesses, including Walter Heller, former chairman of the Council of Economic Advisors, have pointed out that there is a missing link. One cannot talk about public service employment and ignore the need for Federal funding to create and support more jobs.

Therefore, we urge this committee to give public service employment a real start in this country. We urge it for three reasons:

1. To create job opportunities for the large number of our inner city inhabitants who have not been and are not likely to be absorbed by the private sector.

2. To make an important start on filling the backlog of real needs in the public sector. This will help to reverse the trend of deteriorating public services in our cities that contribute heavily to the incidence of crime, the decline of educational facilities and health care and the general litter and deterioration of our cities.

3. To give real meaning to the concepts the President had enunciated in his welfare reform proposals, by offering hope that welfare can be a strong stepping stone to employment.

Public service employment should not merely be included in an array of manpower programs from which State and local administrators can pick and choose.

It would be lost in the competition for limited funds. To the extent that resources are made available other important programs will suffer. A special appropriation and strong Federal direction, at least initially, is imperative.

This in no way conflicts with the basic concepts of the new Federalism and new approaches to manpower control at the State and local levels.

Public service employment is not a cure-all. It will not provide enough jobs to eliminate unemployment. It will not eradicate poverty. It will not foreclose the need for economic growth to provide more jobs in the private sector. It will not eliminate the need to combat inflation.

Such a program will, however, establish for the first time in our society a national commitment to offer to people who need and want work the opportunity to be trained for public service jobs the need for which clearly exists, and that are not dead end make work.

We can start to reverse the present vicious cycle.

Thank you, Mr. Chairman, that constitutes my statement. I apologize for its length, sir.

Mr. Daniels. You need not apologize, Mr. McGhee. I think it is a fine statement, a most eloquent statement, and I agree with the views you have expressed therein.

Mr. McGhee. Thank you.

Mr. DANIELS. There is, however, one additional point on which I would like to have your views. There is a difference in the manner in which the manpower programs would operate under the administration bill, the Steiger bill and the O'Hara bill.

The administration's is a program of planning and decentralization, whereas the O'Hara bill would vest the jurisdiction over the operation of the manpower program with the Secretary of Labor.

Have you given any thought to this matter?

Mr. MCGHEE. Yes, we have given thought to this. I am not an expert, but I would like to give you my own conclusions, and we don't argue against the principle that the President has injected into the manpower programs by giving authority to the State and to local authorities.

Indeed, in many ways this is necessary and desirable. It is, however, very important that this be within the framework of national coordination and national guidelines.

Labor is fungible quantity that moves from one State, one community, to another. Manpower cannot be left entirely to State and local control.

Also, there are many important elements of vocational training and manpower which have to be subjected to corresponding guidelines. If you left the matter entirely to the States, they would inject purely local points of view that would complicate the problem.

Also, in many instances the States are not set up to handle vocational training. If the State is not in a position to assume this new responsibility, it must be done by the Federal Government.

In many cases, where there is local talent, the city is better set up than almost any other entity to handle vocational training. I share Secretary Cohen's great respect for the community college as being a basic place to focus responsibility.

We have many examples in the cities of excellent vocational training institutions. Certainly responsibility in this connection could be given to such institutions.

In essence, sir, I think there is a need for a mixture of Federal guidelines. Federal authority, Federal responsibilities in the event the State is not able to do it, with a high degree of State and local authority where they are set up to do it.

Mr. DANIELS. Would you agree then, that possibly then it might be best to repose the authority in the Federal Government with grants being made to State and local government under the supervision of the Federal Government?

Mr. MCGHEE. If I had to make a choice, I would favor the Federal Government, probably a mixed system with delegation to the States, but with the Federal Government coming back in default of the States and setting guidelines for the States.

That would probably be optimum.

Mr. DANIELS. Most of your statement has been devoted to creation of jobs in the public sector. Has any thought been given as to how many such jobs could possibly be created and the cost thereof?

Mr. MCGHEE. Mr. Chairman, the figures in my statement represent, in a sense, the minimum and the maximum number of potential jobs estimated by people who have given thought to this.

You recall that the figure of 5 million was given as the maximum.

Mr. DANIELS. Yes.

Mr. McGHEE. The minimum figure of 280,000 job opportunities resulted from this survey.

The Urban Coalition would like to see as many as possible. We know the practical limitations. There are practical limitations on setting up the program, on arranging for the necessary training facilities, as well as the practical limitations on funds.

I would hesitate to set a figure as to what the initial appropriation of funds should be. As you know, Mr. O'Hara has not done so in his bill.

All I would say for the record, sir, is that it should be substantial. It should not be just a token. It should give real hope to the people that this is a beginning for expanded job opportunities in the public sector.

Then if, as others say may be the case, improvement in the general level of the economy increases the ability of the private sector, and the cities themselves through increased revenues, to absorb more workers, or ultimately through increased sharing of funds by the Federal Government with the States have public services employment takes place nationally, then this program would not have to be increased.

But if, after getting started in a substantial way, it were found that other means of employment were not forthcoming, that persistent underemployment and unemployment continued in our cities, then the logical next step would be to expand whatever base had been created.

As far as the amount that would be required per individual, no direct evidence, but I have heard of estimates that have been made by the administration.

The estimate is, as I recall, for a combination of training plus allowances under the O'Hara bill, was around $8,000 an individual.

Mr. DANIELS. In view of the fact that the present administration is desirous of curbing the fires of inflation, and is promoting a program of increasing unemployment, how can we reconcile the theories that you have, expressed in your statement with this policy?

Mr. McGHEE. Mr. Chairman, there are various ways to fight inflation. In our judgment the worst one, not just from the standpoint of the morale of our citizens but from the standpoint of the actual economics of the inner cities—would be to make those pay for it who are least able to make the sacrifice.

There are many ways in which the excessive economic activity that produces inflation could be curtailed, that would be much more acceptable than making the inhabitants of the inner city—the last ones to be employed and therefore the first to be let go—the ones with the poorest wages, to have to bear the brunt.

I believe that all who have considered this matter carefully would say that if unemployment rises to a certain point, the Government has no choice but to engage in some type of increased welfare or employment programs to assist those directly affected. Obviously, if you have a choice, employment is better than welfare.

Mr. DANIELS. Unfortunately, when we try to cut expenses, the people who bear the brunt of the cutback are the ones who were last hired and the people who were just recently trained for jobs. The people whose services are terminated immediately fall right back to where they were originally, and this just arouses their anger and creates a worse picture than before.

But how would you suggest that we handle the problem of fighting inflation without injuring these people who should be the last to be hurt?

Mr. McGhee. Mr. Chairman, this question really goes beyond the scope of this bill and our consideration of it, but there are obviously tools available to the Government to fight inflation that could be utilized.

Already, of course, there have been curtailments in planned expenditures for public bulidings, although I believe that the President has recently released new funds for housing construction.

Economists could devise a wide variety of controls in this country, if they had to, which would have the effect of limiting inflation.

The problem about the "hard core" is, as you pointed out, that they were the last employed and would be the first to be fired. If they were released, they would be very harsh in their indictment of a society that found them, put them in a job and then immediately took it away.

The social results from this would be very great. Of course, the President's new welfare program, once it is enacted and in operation, will take up much of this slack.

It is much better to provide employment, if you have to provide for people anyway, than to take care of them through welfare.

Mr. Daniels. I would like to discuss this further, but time does not permit.

Mr. Radcliffe.

Mr. Radcliffe. I think it is an excellent statement and a useful one. How do you define underemployed?

Mr. McGhee. You are familiar with the facts that our Government sets a certain level, which it calls the poverty level and which changes with time. Underemployment is basically related to the income received as contrasted with the agreed poverty level.

Mr. Radcliffe. So you are talking about a wage situation?

Mr. McGhee. Yes. It may result from the fact that a man does not work full time or works intermittently, but the same thing could result if he works full time and his wages are so low that they still put him below the poverty level.

Mr. Horovitz has a definition of it.

Mr. Horovitz. The definition used in the Sheppard study was a permanently employed individual working 40 or more weeks a year.

Mr. Radcliffe. At a low wage.

That is what Mr. McGhee said. I think you were technical enough. Am I correct in the understanding that a good many people who are employed right now in jobs in the public sector are by your definition actually underemployed?

Mr. McGhee. In the public sector, yes, this is the case.

Mr. Radcliffe. Then what kind of jobs in the public sector are you talking about creating?

Mr. McGhee. Of course if the funds are available, which is what we are proposing, then the public entity, whatever it is, the cities, for example, which are employing these people under conditions that result in technical underemployment, could let them work more hours per week or could raise their wage so that they can rise above the underemployment category.

That would be the objective, however, in most cases the cities can only do this only if they are subsidized. The mayors have told us that the limiting factor here is the resources available.

They just don't have it.

Mr. RADCLIFFE. So in large part we are really talking about a plan to subsidize the wages of people who are currently employed in public enterprises.

Mr. McGHEE. I would hope that it would have that effect, sir, because if you are going to bring new people in who are now unemployed, it would seem only common justice to give something more to those who are already working but are in the underemployment category.

Mr. RADCLIFFE. Thank you very much.

Mr. DANIELS. I recognize the ranking minority member, Mr. Scherle. Do you have questions?

Mr. SCHERLE. No questions, Mr. Chairman.

Mr. DANIELS. Mr. McGhee, thank you again.

Mr. McGHEE. Thank you, Mr. Chairman.

It has been a pleasure to appear before your committee.

Mr. DANIELS. Our next witness is Mr. Robert M. Jones, representing the National Association of Manufacturers.

STATEMENT OF ROBERT M. JONES DETROIT, MICH., ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS; ACCOMPANIED BY WILLIAM FRANCIS XAVIER FLYNN, COUNSEL

Mr. DANIELS. Mr. Jones, you may proceed.

Mr. JONES. I want to thank you, Mr. Chairman, and members of the subcommittee for the opportunity of appearing before you this morning.

My name is Robert M. Jones. Sitting here with me is Mr. William Flynn of the NAM staff, who serves as director of NAM's STEP program.

In preparing its position on the act, the Industrial Relations Committee of NAM established a task force of some 20 industrial relations and personnel people from companies across the country, and I had the privilege of serving as chairman of that task force.

Knowing that you have had an opportunity to read our statement of position on the several bills that your subcommittee is considering, and in the interests of conserving your time, I will try to summarize much of this for you and leave time for any questions that you may have.

Mr. DANIELS. Mr. Jones, I ask for unanimous consent that your statement be incorporated in the record at this point.

Mr. JONES. Thank you, Mr. Chairman.

Mr. DANIELS. Is there any objection? Hearing none, it will be so ordered.

(Mr. Jones' prepared statement follows:)

STATEMENT OF THE NATIONAL ASSOCIATION OF MANUFACTURERS, PRESENTED BY ROBERT M. JONES

My name is Robert M. Jones, Vice President of Personnel for the Ex-Cell-O Corporation in Detroit, Michigan. I am Chairman of the Task Force organized by the National Association of Manufacturers to review the Manpower Training Act of 1969, H.R. 13472 and other related bills pending before this Subcommittee.

On behalf of the membership of the National Association of Manufacturers, we would like to submit our views on these bills. NAM member companies—large, medium and small in size—account for a substantial portion of the nation's production of manufactured goods, and employ millions of people in manufacturing industries.

INTRODUCTION

Before commenting on the specifics of the proposed legislation, I believe it is appropriate to review the policy and program activities of the National Association of Manufacturers and the efforts of industry with respect to manpower development, particularly during the past decade.

The NAM has consistently held the view that effective employee development must include education and training programs for personnel at all levels.

As to production employees, upon whom the proposed legislation would have its greatest impact, we have always considered that apprenticeship, upgrading, on-the-job (OJT) and other types of job related training are the best methods to develop those skills essential to industrial and individual progress.

Since 1964 the NAM, through a program called STEP (Solutions To Employment Problems) has provided industry with some of the insights and instruments that have stimulated business action with respect to the effective employment of the hard-core unemployed, as well as upgrading and retraining of employees.

Most of this NAM research was aimed at demonstrating that industry, with its on-the-job training capability, could help to stabilize the employment pattern for many in our nation considered to be hard-core unemployed. We, therefore, support the basic approach of the program of the National Alliance of Businessmen, which emphasizes job related education and training as one of the most effective ways to solve the employment difficulties of the disadvantaged.

With this brief background, I would like to comment on the bills pending before the Subcommittee. These comments reflect the deliberations of a group of personnel and industrial relations representatives of over 20 companies, which we asked to study and comment upon these bills. This Task Force found it encouraging that in the area of manpower development there is the recognition of the need for decategorization and that the respective states and local communities are best equipped to analyze, act upon and meet state and local manpower problems.

In general, we believe that the approach taken by the Administration bill, H.R. 13472, introduced by Representative Ayres, and H.R. 10908 introduced by Representative Steiger, which provide detailed provisions for delegation of administrative authority by the Secretary of Labor, are preferable to H.R. 11620, introduced by Representative O'Hara, which would vest substantially all control of the form and substance of these programs in the Secretary.

We believe, however, that the O'Hara bill calls attention to an aspect of the manpower problem which bears further examination by both the Congress and the executive branch. I am referring to Title III of H.R. 11620, which provides for an expanded program of public sector employment. This and other provisions of the three bills are discussed in more detail in the remainder of our statement.

CATEGORICAL PROGRAMS

We endorse the principle of decategorization which is provided for in each of three bills. We also share the concern which had been expressed during the hearings that the elimination of statutory barriers, which often hamper effective delivery of manpower services, should not permit the abolition of existing projects and programs which have proven to be effective.

New legislation should not result in complete abandonment of useful concepts developed out of successful experiences under current laws. In this regard, we consider it particularly important to preserve and extend the concept of on-the-job training for specific jobs as a keystone of the attack on hard-core unemployment and underemployment. Also, job training whether carried on by private or public sector employers, should be mandated as an essential part of manpower development plans approved under any new manpower act.

The federally-administered JOBS program and the closely-related private sector effort being carried on through the National Alliance of Businessman are successful and constructive elements in the current national manpower development scheme. They represent an imaginative and highly encouraging partnership between business and government in the attack on a critical national problem and should be permitted to continue without major change.

LOCAL PRIME SPONSORS

The NAM supports the funding approach of H.R. 13472 which would provide a progressive increase in federal support funds to a state based on a three-step process: first, the development of a comprehensive state manpower plan; second, the development of a state manpower agency to administer the plan; third, achievement of an exemplary performance on the part of the state.

We support the principle embodied in the Administration bill that the control of manpower programs at the state and local level rest in the hands of elected officials. The Secretary of Labor has made it quite clear in testimony before this Subcommittee, and the Senate Subcommittee which is considering this subject, that H.R. 13472 is not designed to eliminate community action agencies from the local manpower scene. The bill, rather, would allow community action agencies to continue to play a role in local manpower programs where they have been effective.

However, built into this is the requirement that the governor of each state, desiring to operate a manpower development program under the terms of this legislation, name a single local prime sponsor to develop and administer any manpower program assisted under this act in any Standard Metropolitan Statistical Area (SMSA). We believe that this concept is one that presents a needless potential for political conflict which could prevent the effective development of successful state and local manpower programs in many communities.

The creation of a single prime sponsor might well hamper administrative efficiency in many cities, especially, for example, where political boundaries may be completely unrelated to the relevant labor market or in cities containing two or more separate labor markets. We believe that the elected officials of all communities involved should have considerable flexibility in the fashioning of administrative machinery to administer manpower programs.

As to the problem of "pass-through" of funds to local communities, we believe that a plan submitted by a state, and approved by the Secretary of Labor, should be administered by that state, with due regard to all the local conditions within that state which would be the approved state plan. The mechanism for the disbursement of funds should be left to the discretion of the state. If such an approach is adopted as a part of this legislation, we recommend that any local community, which believes its needs are not going to be met by the proposed state plan, have the right to present its views to the Secretary of Labor for appropriate change in the state plan prior to its approval as provided for in the Ayres and Steiger bills.

STATE AND LOCAL ADVISORY COUNCILS

Section 104 of H.R. 13472 provides for the formation of state and local advisory councils on manpower. While we recognize that only broadly based councils as outlined in the bill would be able to produce meaningful manpower development results, we feel that the importance of including business representatives on these councils should be emphasized. Too often training programs have been developed at the local level by well-intentioned individuals who lack sufficient contact with the local business community. Further, to make certain that the smaller businessman has an active interest in the success of the operation, it would be worthwhile to seek the participation of local business groups such as manufacturers' associations and chambers of commerce.

In addition, we recommend that as soon as possible upon passage of this legislation, the National Manpower Advisory Committee develop guidance principles to be available on request to the various state councils to assist them in the development and implementation of their manpower plans.

UNEMPLOYMENT TRIGGER

Title V of the Administration bill provides that in any fiscal year in which the national unemployment rate reaches 4.5% for three consecutive months, the Secretary of Labor could spend additional funds on authorized programs equal to 10% of the amount then appropriated under the act for that year. It is our recommendation that this section of the bill be deleted.

There are three primary reasons for our recommendation. First, we seriously question whether such discretionary funds could be allocated and programs implemented rapidly enough to have a significant impact on the problems which would be caused by the higher unemployment rate. Second, even if immediate allocation and implementation were possible, the bill already provides that the Secretary of Labor would have 20% of the total funds which are appropriated directly for his allocation to carry out the purposes of the act. In our view, this amount should be sufficient to cover any additional programs which might be considered necessary as a result of an unexpected rise in the unemployment rate. Finally, we believe that this triggering mechanism constitutes unsound fiscal policy, in allowing the Secretary to call for and spend monies which had not been appropriated by the Congress as a result of its deliberations on the total budget. Providing such extra funds for the Secretary of Labor might well establish a precedent which would subsequently be utilized by other agencies and departments in order to have discretionary funds at their disposal.

If, in spite of this recommendation, the decision is made to include this provision in the bill, it is our suggestion that state or regional unemployment rates be utilized rather than the national unemployment rate. A serious unemployment problem might occur within a particular state while the national unemployment rate remained stable. Since one of the prime purposes of H.R. 13472 is to delegate responsibility and authority for manpower development and training to the states, it would seem more appropriate to utilize state data for the purpose of triggering these additional funds.

COMPUTER JOB BANK

There is also a section in the bill which provides that a national computerized job bank system be established on a state or, in certain cases, on a regional basis. We support the concept of listing available job openings as envisioned in this proposal.

However, the establishment of a computerized job bank program which goes beyond job listing into the area of matching job requirements with an individual's skills is an extremely complex undertaking. Computerized job matching systems have been tried with limited success by many companies and associations. This includes a research project by NAM conducted as part of the previously mentioned STEP program. For this reason, while we would not argue against the long range merits and advantages of a job matching system, in our opinion, much still remains to be done at this point in time before a national system could operate effectively. As examples, at the present time we do not have adequate descriptions by which we might fully identify the abilities and qualifications of individuals seeking employment. Further, there are no common methods to enable companies to fully describe the positions for which they are seeking qualified applicants.

Finally, the emphasis today is on screening individuals in rather than screening them out and attempting to qualify people who were previously regarded as unqualified for employment. It would seem, at this time, that a national computerized job bank which places greater emphasis on establishing data on job vacancies, rather than finding individuals with qualifications suitable for a specific position would be more successful. In short, we are recommending more research before committing our nation to any form of a computerized job matching program.

PUBLIC SECTOR EMPLOYMENT

The provisions of H.R. 13472 do not include specifically a role for Federal, state and local governments as employers of the disadvantaged. This is not to suggest that in recent years all levels of government have not improved their responsiveness to the critical employment problems of the hard-core unemployed. Yet, it must be said that the public sector should share with the private sector the same responsibilities to refine and adjust its employment practices, particularly with regard to this group.

Government, at all levels, is a major source of employment having already reached the level of 12 million jobs. Data indicates that one third of this government labor force will retire over the next five years. While we do not advocate unnecessary growth in public sector employment, we recognize that this sector will have an unprecedented opportunity to participate fully in current efforts to employ, train and upgrade the hard-core.

In brief, we believe that there should be approval given to a state manpower plan that would provide for a public sector equivalent of the JOBS program. This may well require some adjustments in certain civil service practices that would lead to the development of realistic rules and regulations covering job requirements.

SUMMARY

We believe that H.R. 13472, with the modifications as recommended, should insure the best results for the Federal funds expended in the area of manpower development.

The NAM will continue to encourage the type of employment policies, practices and programs outlined at the beginning of this statement, for it must be said that in the future, as in the past, the major costs of manpower training must be borne by industry.

Mr. Daniels. Please continue.

Mr. Jones. Speaking for the NAM our organization represents approximately 85 percent of the Nation's manufacturing capability. As an organization, we were among the early leaders in recognizing the problems of manpower planning with respect to the functionally unemployed and underemployed.

Starting in the 1964 with the NAM Step program the association has served as a stimulus to its members by providing them with a detailed analysis of successful industrial programs which demonstrated our policy of bringing these people into the employment process.

Generally, with respect to the three bills before this committee, first, we believe that the approach taken by the administration bill, H.R. 13472 introduced by Representative Ayres, and Mr. Steiger's bill, which provided detailed provisions for delegation of administrative authority by the Secretary of Labor are preferable to H.R. 11620 introduced by Representative O'Hara, which would vest substantially all control of the form and substance of these programs in the Secretary.

We believe, however, that the O'Hara bill calls attention to an aspect of the manpower problem which bears further examination by both the Congress and the executive branch. I am referring to title 3 of H.R. 11620, which provides for an expanded program of public sector employment.

This and other provisions of the three bills are discussed in more detail in the remainder of our statement. The task force, speaking for NAM, strongly endorses the principle of decategorization, but at the same time cautions that successful experience under current programs should not be abandoned.

The federally administered JOBS program and the closely related private sector effort being carried on through the National Alliance of Businessmen are successful and constructive elements in the current national manpower development scheme.

They represent to us an imaginative and highly encouraging partnership between business and government in the attack on a critical national problem and should be permitted to continue without major change.

Mr. Daniels. What were those major changes, sir?

Mr. Jones. It is the JOBS program and the National Alliance of Businessmen.

Mr. DANIELS. JOBS and NAB.

Mr. JONES. Right.

We do support the three-step funding approach and the principle that elected State officials should have control of the manpower planning and program for the State. However, built into this is the requirement that the Governor of each State desiring to operate a manpower development program under the terms of this legislation name a single local prime sponsor to develop and administer any manpower program assisted under this act in any standard metropolitan statistical area.

We believe that this concept is one that presents a needless potential for political conflict which could prevent the effective development of successful State and local manpower programs.

The creation of a single prime sponsor might very well hamper administrative efficiency in many cities, especially for example, where political boundaries may be completely unrelated to the relevant labor market or in cities containing two or more separate labor markets.

We believe that the elected officials of all communities involved should have considerable flexibility in the fashioning of administrative machinery to administer manpower programs.

As to the problem of "pass through" of funds to local communities, we believe that a plan submitted by a State, and approved by the Secretary of Labor, should be administered by that State, with due regard to all the local conditions within that State which would be the approved State plan.

In looking at the composition of advisory councils on manpower provided for in section 104 of H.R. 13472, we feel strongly that the inclusion of representatives of business and industry from both large and small companies should be emphasized. As end users of manpower products, their inputs to the development of an overall State program should be very valuable.

We would also recommend that the national manpower advisory committee be given the responsibility for developing guidance.

Guidance principles to be available to the State councils if they desired, to assist them in their program planning.

As you gentlemen know, title V of the administration bill provides for a national unemployment figure of 4.5 percent for 3 months to trigger an additional 10 percent of allocated funds.

It is our recommendation that this section of the bill be deleted. There are three primary reasons for our recommendations. First, we seriously question whether such discretionary funds could be allocated and programs implemented rapidly enough to have a significant impact on the problem which would be caused by the higher unemployment rate.

Second, even if immediate allocation and implementation were possible, the bill already provides that the Secretary of Labor would have 20 percent of the total funds which are appropriated directly for his allocation to carry out the purposes of the act.

In our view, this amount should be sufficient to cover any additional programs which might be considered necessary as a result of an unexpected rise in the unemployment rate.

Finally, we believe that this mechanism constitutes unsound fiscal policy in allowing the Secretary to call for and spend money which has not been appropriated by the Congress as a result of its deliberations on a total budget.

Providing extra funds for the Secretary of Labor might provide a precedent which would be followed by other departments in order to have discretionary funds at their disposal.

If the decision is made to include this provision in the bill, however, it is our suggestion that State or regional unemployment rates be utilized rather than the national unemployment rate.

A serious unemployment problem might occur within a particular State, while the national unemployment rate remains stable, since one of the prime purposes of H.R. 13472 is to delegate responsibility and authority for manpower development and training to the States——

Mr. Daniels. Excuse me, Mr. Jones. I must leave to attend a meeting of the Rules Committee where a bill is pending in which I, as chairman of the subcommittee, am vitally interested. Therefore, I am going to ask my colleague, Mr. Hawkins, to preside in my absence.

I am sorry I cannot remain to hear the rest of your testimony, but I have read your statement, and I want to thank you personally and on behalf of the committee for coming here and giving us the benefit of your views.

Mr. Jones. These are busy times. I understand your problem.

(At this point Mr. Daniels withdrew from the hearing room.)

Mr. Hawkins (presiding). Mr. Jones, would you kindly proceed?

Mr. Jones. I will pick up where I was, then, looking at page 7 of our prepared statement. If, in spite of this recommendation the decision is made to include this provision in the bill, it is our suggestion that State or regional unemployment rates are utilized rather than the national unemployment rate.

A serious unemployment problem might occur within a particular State while the national unemployment rate remains stable.

Since one of the prime purposes of H.R. 13472 is to delegate responsibility and authority for manpower and training to the States, it would seem more appropriate to utilize State data for the purpose of trying to trigger these additional funds.

All three bills under consideration make some provision for the inclusion of a computer assisted job bank. While we do support the concept of listing available job openings through this system, we recommend against any hasty approach to job matching through the system.

Our position is based on a NAM research project conducted under the STEP program, the results of which say to us that the identification of the abilities and qualifications and then attempting to match them to job requirements is still a very difficult area.

Finally the emphasis today is on screening individuals in, rather than screening them out, and attempting to qualify people who were previously regarded as unqualified for employment.

It would seem at this time that a national computerized job bank, which places greater emphasis on establishing data on job vacancies rather than finding individuals with qualifications suitable for a specific position, would be more successful.

In short, we are recommending much more research before committing our Nation to any form of a computerized job matching program.

The provisions of H.R. 13472 do not require a specific role for Federal, State, and local governments as employers of the disadvantaged.

This is not to suggest that in recent years all levels have not improved their responsiveness to the critical unemployment problems of the hard-core unemployed. Yet it must be said that the public sector should share with the private sector the same responsibilities to refine and adjust its employment practices, particularly with regard to this group.

Government at all levels is the major source of employment, having already reached the level of 12 million jobs. Data indicates that one third of this government labor force will retire; over the next 5 years.

While we do not advocate unnecessary growth in public sector employment, we recognize that this sector will have a unprecedented opportunity to participate fully in current efforts to employ, train, and upgrade the hard-core.

In brief, we believe there should be approval given to a State manpower plan that would provide for a public sector equivalent of the JOBS program.

This may well require some adjustments in certain civil service practices that would lead to the devolpment of realistic rules and regulations covering government jobs. We believe that government at all levels should function in the manpower area as the employer of initial opportunity rather than the employer of last resort.

We believe that H.R. 13472 with the modifications as recommended should insure the best results for the Federal funds expended in the area of manpower development.

The NAM will continue to encourage the type of employment policy, practices, and programs outlined at the beginning of this statement for this must be said that in the future, as in the past, the major cost of manpower training must be borne by industry.

Thank you, Gentlemen, very much.

Mr. Hawkins. Thank you, Mr. Jones.

I must apologize for not having had the opportunity of hearing the first part of your statement. However, there are several questions that did relate to some of the more recent statements that you made.

One is with respect to the suggestion about public sector jobs programs.

Did I understand you to indicate that the NAM endorses the principle of a public sector jobs program on the basis of being the employer of initial opportunity rather than the one of last resort?

Mr. Jones. Yes, sir; you understood me clearly.

Mr. Hawkins. Would you elaborate on that, because it is somewhat a surprise to me that you have made such a suggestion.

Mr. Jones. You feel we are out of character?

Mr. Hawkins. You said that, I did not, but it does come somewhat as a surprise, let's say.

Mr. Jones. Well, we visualize as I indicated, an opportunity for those governmental bodies to function in the same way that industry is functioning under the JOBS program, which would provide funds for

State and local governments in terms of the education that is required to prepare the people for job opportunities and in terms of the additional expenses involved in this kind of training.

This is not a wage kind of a situation or a supplementation kind of situation, but it is the same kind of program that we in industry understand as the JOBS program.

How this would relate, then, at the Federal level in view of our advocacy of a State control program, I am not really prepared to say, and I don't think our task force really struggled with this problem, but we feel if it can be done at the State and local level that it could also be done at the Federal level.

Mr. HAWKINS. Let me get it more clearly. Are you suggesting that at the State and local levels that jobs in the public sector let's say in hospitals and in schools and law enforcement and other fields be opened up for the hard-core unemployed on a permanent basis with possibly Federal assistance?

Mr. JONES. With Federal assistance in the relationship that I have indicated.

There are many jobs, of course, in Government that are comparable to jobs in industry. In the computer and data processing area, for example, you have a complete transfer between one and the other, and the fact that people are trained in a Government situation in terms of this kind of job would not necessarily mean that they had to stay in the Government sector, but could move from there into the private sector based upon their training and work experience.

Mr. HAWKINS. How would this operate in competition, for example, with the JOBS program in the private sector?

Mr. JONES. It would not operate in this private sector. It would not operate in competition. It would operate together with the JOBS program under a State program that says this is the way we are going to spend our manpower dollars.

It would not be a competitive situation at all. We could only hope that it would be competitive in terms of the fact that there were not enough people to fill all the vacancies that were available.

Mr. HAWKINS. Would this be on a permanent, or temporary basis? The thing that confuses me is the employer of initial opportunity. Are you suggesting that this be done on a permanent basis, and that at all times it be available to the hard-core unemployed?

Mr. JONES. This could very definitely be a prelude to employment in the private sector. We are not saying expand the public payrolls to absorb all these people.

We are saying that there are jobs that do exist, but there are some perhaps artificial barriers that exist now in terms of those jobs being available to the hard core unemployed. As these jobs are existent and the barriers are removed, then the State and local governments ought to have the same kind of support in terms of training the hard core unemployed to fill these jobs as is now available to industry in terms of the JOBS program, which is a supplemental allowance to cover the extraordinary costs of training the hard core unemployed, and that is all.

It is not a wage supplement in any way, shape or form.

Mr. HAWKINS. We would assume that you would also have them woven into the system, the civil service system of that particular state or locality so that they won't become permanent employees, frozen into the civil service system.

Mr. JONES. I think some modification in terms of the civil service requirements is necessary. It might be worked out that they could be so called probationary people for perhaps an extended period of time during the learning process, and at some point in time probably ought to be required to take a legitimate job related examination.

Whether they decided to continue in government service or to transfer their training and skill to private sector would be entirely a matter of personal choice.

Mr. HAWKINS. Only one other question, Mr. Jones.

On page 7 you have made reference to the triggering device. I am not sure that is the right page.

Mr. JONES. That would be on page 7, sir, or page 6.

Mr. HAWKINS. Page 6. You indicated that the area involved should be not the national area, but a particular state, on the basis that the unemployment rate in a particular state might be high and the national rate low, or vice versa. Would you also endorse the concept that probably this should be broken down into a smaller area than even a state, into a particular metropolitan area, for example?

In a particular SMSA, for example, the unemployment rate might be high, and a triggering device, if it has any acceptance at all, should apply to even a smaller area than a state.

Mr. JONES. Understand, if you will, that our basic position is that we think this triggering device is wrong.

The use of State unemployment figures is a suggested alternate to the national figures.

We don't think that we would have any strong objection if the triggering device decided on by Congress utilized the smallest representative area for which accurate statistics could be developed.

Mr. HAWKINS. Within the context of the opposition to the triggering device.

Mr. JONES. Right, because we see, as you obviously do, that certain industries are geographically centralized. Well, when something happens to the aerospace industry, it happens to California, and when something happens to the tobacco industry, it happens to North and South Carolina, and so on and so forth.

So we think there can be this industrial problem in a given geographical area that would not be—would not represent itself across the whole country.

Mr. HAWKINS. Mr. Scherle?

Mr. SCHERLE. Thank you, Mr. Chairman.

Mr. Jones, when you talk about the hard core unemployed, what do you envision?

Mr. JONES. Well, I believe there is a technical definition for the hard core unemployed that gives you about 14 multiple choices in terms of whether you fit.

Mr. SCHERLE. Maybe I can help you there.

What do you envision as the level of education?

Mr. JONES. Something perhaps less than a high school education, but I don't think this is typically a single decider in terms of hard core unemployed.

Mr. SCHERLE. The reason I bring this up is because you talk about some computerization and shifting from private to the public sector, and anyone in the field of computerization would have to be at least average, if not above average, to be knowledgeable enough to get into this business of programing and various other things.

Mr. JONES. I agree with that, yes, but I also would point out that the high school dropout has been taken in many training programs under industrial situations and otherwise, and exposed to a concentrated, cram kind of individual process, and the level of competence, verbalization, reading and writing and math has been raised some two or three grade levels in a short period of time.

This is the kind of training that the JOBS program helps bear the cost of in terms of preparing people for employment in meaningful jobs.

Once you reach this, then you have the possibility of taking this person who qualified as hard core and moving him up into the kind of job that we are talking about here.

I am not saying that overnight you are going to make a programmer out of this person, but I am saying that in the whole data processing field there are skills that can be learned by the people that we now call hard core unemployed on the basis of training specifically for that kind of job.

Mr. SCHERLE. The district I represent in Southwest Iowa. Right across the river in Omaha, Nebr., we have a Job Corps program.

I think the complement at one time was about 750 Job Corps women. Once while visiting there I walked up to the second floor and it looked like the Houston Space Center. I had never seen so many computers in my life. I asked, "What is all this for?" He replied, "Oh we use these to teach the girls computerization.

They had said prior to that time that these girls had an average of 6 years of schooling.

"Out of the entire group of personnel here, I asked, how many have actually taken a course?" Three of them were taking the course, the staff replied.

The rest were not equipped for it.

Now I believe in helping young people, but I don't believe in overmotivating these people and give them false hopes.

You mentioned about the JOBS program and the NAB program. Why do you consider these two successful?

Mr. JONES. I think the statistics in terms of what has been accomplished under the National Alliance for Businessmen and the JOBS aspect of that program would indicate that a reasonably good job has been done.

Mr. SCHERLE. How many were placed?

Mr. JONES. This current release from the Department of Labor says that under the National Alliance of Businessmen, which we call the trade Freebies—in other words, there is no Government subsidy here for the training, but it is just a commitment by the businessmen to take on *x* number of hard core unemployed—about 162,600 currently employed, and then under the JOBS program the job opportunities in the business sector, a total of 37,000 currently.

Mr. SCHERLE. Out of how many?

Mr. JONES. Out of how many what?

Mr. **Scherle.** Well, how many were placed?

Mr. **Jones.** These are actually placed on jobs.

Mr. **Scherle.** Out of how many initial enrollees, then?

Don't tell me you got 100 percent there.

Mr. **Jones.** No, I am not saying that. I am saying there are 37,000 people again gainfully employed under the JOBS program.

Mr. **Scherle.** How many did you start with?

Mr. **Jones.** It is about a 65-percent retention factor on a national basis.

So that currently under these two programs, there are almost 200,000 people gainfully employed. This was a release of March 20.

Mr. **Scherle.** This is in a private sector?

Mr. **Jones.** Yes.

Mr. **Scherle.** What is the cost figure on the JOBS programs?

Mr. **Jones.** $2,700 per person.

Mr. **Scherle.** Do you have anything to say about the CEP program? I see this gentleman smiling over here. Do you want to make a comment?

Mr. **Jones.** He may have something to say to go with the smile.

Mr. **Flynn.** Because on what we have done with NAM, I think what we have found is that there have been many cases where private efforts, notably, for example in Indianapolis, the voluntary advisor corps, using many of the same principles that the CEP program involves, has with very little money produced a very high quality result of getting people motivated to seek employment and to hold employment.

In short, they are finding a great deal of administrative cost in the CEP program that does not apply to the individual who needs the help.

In short, we have seen private sector programs where it has operated at what the social worker calls the client, and is in point of fact aimed at the individual who needs the help, as opposed to setting up administrative mechanisms.

Our whole point is that what we think has to be done is in job related training in the manpower area as opposed to extensive administrative machinery supposedly designed to prepare people to find their way.

Mr. **Scherle.** According to what Mr. Jones said, how do you evaluate the employee-employer relationship between the private sector and in the public sector?

Mr. **Flynn.** Do you mean in terms of employment practices vis-a-vis the hard core?

Mr. **Scherle.** I am talking about respect for the job, appreciation for the opportunity, and also knowing where the salary came from—whether it is from the taxpayer or from a profitable firm.

What is your employer-employee relationship? How do you anticipate the differences between the public and private sector?

At one end you have the taxpayer and on the other end you have the consumer.

Mr. **Flynn.** If I understand your question, we are finding that industry, in bringing a hard core person onto the payroll is only seeking dollars it requires to bring them up educationally.

Industry is absorbing the costs of training in the specific skills. Within the work environment, there are those who, seeing this population coming in through, let's say, a JOBS program, who have worked for a corporation for a period of time show evidences of resentment if that is the essence of your question.

I think that is slowly being overcome again by industry's understanding of the relationship to the education of foremen and the rest of the work force as to how to adjust to this incoming population from the hard core.

Mr. **Scherle.** My question was based on an experience I had with the Neighborhood Youth Corps. When a person goes to work, a person employed by the private sector, he knows that his job is only good as long as the employer makes a profit, so there is sort of a mutual respect as far as his job is concerned between the employee and the employer.

Now when a person goes to work or is trained in the public sector, he knows that Uncle Sam is paying that bill, and in essence it is the taxpayer that is paying the bill, so the only time he is out of a job is when the taxpayer is broke.

Mr. **Flynn.** In terms of the private sector situation, the employee who comes in from the hard core clearly recognizes that his wages are coming from the employer in the private sector. I don't think he fully understands that some of the educational things that are going on are—in the JOBS program it is—are being paid for by the Government.

Because at the same time you have this 160,000 being put through the NAB effort without Government support so they are being supported by the private sector and the profitability of the company. In fact as part of the educational process in almost every program dealing with the hard core, you will always find the total reference to how the economic system works on two bases, one, how it works in general so that the company can grow and therefore the individual can hold a job, and second the economics of being a private consumer that is now something that this individual inherits by being a job holder on a steady basis.

So I think that he clearly recognizes the importance of the private sector effort in this, without considering that he is being a beneficiary of a government-related program, because, again, then in 165,000 cases he is not.

Mr. **Scherle.** Well, it seems to me that when a young man or young lady applies for a job in private business, they would have to realize that that training that they are seeking probably will add to what they may have the rest of their life.

Working for the Government it does not appear that the same type of loyalty and support would exist there as it would in private enterprise.

Mr. **Flynn.** I now see the tenor of your question. What you are talking about is that there should be an effort on the part of the Government to get into this in a similar way as the private sector.

What we are really saying there then is that on the basis of initial opportunity, there are many jobs in the public sector similar to private sector jobs. We feel that by changing civil service requirements to allow people to get into those jobs and, as Mr. Jones implied, perhaps later on letting the individual take the traditional civil service test to prove his qualifications, the individual can be brought to the point where he can here then make his option for then going to the private sector or the public sector type of employment, but he will have been trained in a comparable type job that the Government does have in common with many industry jobs.

Mr. Scherle. The only difference there is that he can be fired in a private sector job. In the Federal Government it sometimes seems the only way you can fire him is to promote him, and he could end up being your boss.

Mr. Flynn. I would suggest this is a fact of life that exists in Government employment that we can't control.

Once we get the individual in the private sector, part of the educational process is to let him understand the economic facts of life.

Mr. Scherle. Mr. Chairman, no further questions.

Mr. Hawkins. One final question, gentlemen.

As you testified, you have been asked, or urged by the Government to undertake this training of the hard core unemployed at a cost of approximately $2,700 per person, according to your testimony.

More recently, you have been encouraged to cut back on production in order to fight inflation, so obviously you must be laying off individuals on a general basis.

How could you reconcile these two Government policies, on the one hand being asked to train hard core unemployed at the same time being asked, in a sense, to lay off employees.

Mr. Jones. I don't know that we have been asked in a sense to lay off employees. Certainly there is a cause and effect relationship.

Mr. Hawkins. That has been the practical effect, hasn't it?

Mr. Jones. The economy has been slowed down, yes.

Mr. Hawkins. How do you reconcile it? Do you lay off the persons you have been asked to train at high cost, or do you lay off the more senior persons in the companies, or what basis do you use?

Mr. Jones. Obviously, in almost any situation which involves length of service, the last in are the first to go, in any kind of a reduction of industrial employment.

Mr. Hawkins. Would those be some of the people you have trained?

Mr. Jones. In many instances, they would be.

Mr. Hawkins. How do you justify the Government paying $2,700 to train a person only to have them laid off?

Mr. Jones. I don't know that anybody can justify that end result, but I don't think we can overlook the fact that there has been training, that these people are now better equipped to come back into jobs as the economy changes direction, and were it not for the training that had really already taken place, we would still have the job to do all over again.

Mr. Hawkins. Does that conclude your remarks?

Mr. Flynn. Just one additional comment to your question.

Mr. Hawkins. Yes.

Mr. Flynn. There is evidence based on Department of Labor statistics in recent months that companies have not totally laid off this population of hard core because of this principle of "last in first out," that where they had a flexible situation then in the company, they have made appropriate adjustments to hold this population as much as they could.

In other words, where they were not totally bound by seniority concepts. It must also be recognized that this program has been going on now for some period of time, and consequently the result is that there are a great many "last in" who are not hard-core people who are subject to seniority displacement, and therefore the hard core, having preceded them in the employment process, stay with the job.

So it is not only that the people industry has hired in the past 2 years have been hard core people.

Mr. HAWKINS. There must have been a lot of dissatisfied persons who were there before the hard core who feel they have somehow been discriminated against who have been laid off at the expense of those who came in later than they did.

Mr. FLYNN. I am still saying to you that many individuals who are not hard core have been hired after hard core individuals have been hired.

They are therefore in the process of being the first to be discharged.

Mr. JONES. Returning servicemen fit into this category.

Mr. SCHERLE. Mr. Chairman, many times when industry has to retrench for economic reasons, wouldn't it be basically the reasoning outlined in a form of collective bargaining?

Mr. JONES. Oh, yes; in many instances the labor contract clearly specifies the order in which reductions in manpower take place.

Mr. SCHERLE. That is all, Mr. Chairman.

Mr. HAWKINS. Thank you, gentlemen, again for a very forthright and highly constructive statement. We deeply appreciate it.

The next witness is Mr. Austin E. Kerby, national economics director of the American Legion.

STATEMENT OF AUSTIN E. KERBY, NATIONAL ECONOMICS DIRECTOR, THE AMERICAN LEGION; ACCOMPANIED BY CHARLES E. MATTINGLY, ASSISTANT LEGISLATIVE DIRECTOR

Mr. KERBY. Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Kerby, you have a prepared statement, which you may read or summarize as you see fit.

Mr. KERBY. Mr. Chairman, and members of the committee, my statement is brief and it is concise and to the point, and I would like to read it, with a little background information as to the reasons we have suggested these amendments.

Mr. HAWKINS. Fine, you may proceed, Mr. Kerby.

Mr. KERBY. Mr. Chairman, and members of the subcommittee: I appreciate this opportunity to appear here today on behalf of the American Legion in connection with your hearings on proposed manpower bills—H.R. 10908, H.R. 11620 and H.R. 13472.

H.R. 13472 being the administration bill we will limit our comments for the most part to this proposal. However, we would hope that the subcommittee will take into consideration the American Legion's views and recommendations made in connection with the administration bill when considering other proposed manpower bills, including H.R. 10908 and H.R. 11620.

The proposal in H.R. 13472 hereafter referred to as the administration bill, would establish a comprehensive manpower service program to assist persons in overcoming obstacles to suitable employment.

The American Legion feels that this is a good piece of legislation and we certainly have no objection to legislation creating a manpower program designed to remove barriers to the employment of disadvantaged individuals and others.

However, a careful review of the administration bill reveals that veterans are not specifically mentioned anywhere in the proposal.

This gave the American Legion a great deal of concern. And I might say, Mr. Chairman, that our National Office has received numerous inquiries with respect to the absence of a specific reference to veterans in the proposed legislation.

As a matter of fact, the only slight reference to veterans in either of the three bills before this subcommittee is in H.R. 11620 wherein section 101A paragraph 4 briefly mentions that recently separated veterans will be provided appropriate training and related manpower services.

The Congress has traditionally insisted that veterans be given special consideration in our Nation's employment and manpower programs. The American Legion feels that the immediate legislation before this subcommittee should be no exception to the rule especially at a time when servicemen are returning to civilian life at a rate of more than 900,000 annually.

Those of us who work daily in the field of veterans employment realize that special services to veterans are covered by both the Wagner Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944—Public Law 364—as amendments.

However we feel that these mandates of the Congress are being taken too much for granted in the implementation of manpower programs.

For instance Mr. Chairman, it could be argued that the veteran is provided for in the administration bill since title 1, section 104(a) paragraph 1, page 12, line 20 refers to the Wagner Peyser Act.

Nevertheless experience has taught us that unless veterans are specifically provided for in new manpower legislation, they are not given the services as intended by the Congress.

For example, Mr. Chairman, many cases have been brought to my attention where veterans, including the returning Vietnam veteran, and older veterans, need short time training, however, when they apply for such training they are told that most training slots under the Manpower Development and Training Act (MDTA) are reserved for disadvantaged individuals.

Only an estimated 4 percent of veterans are in the disadvantaged category.

The point I wish to make is that the American Legion when supporting the Manpower Development and Training Act of 1962 was told that veterans were being provided for adequately even though they were not mentioned specifically in the legislation.

Therefore we did not dogmatically insist that the language of the act mention veterans. Upon inquiry of the Department of Labor we learned that there has been a recent sharp decline in the number of veterans enrolled in MDTA training. In 1968 there were 57,000 veterans enrolled in MDTA training and in 1969 there were only 46,000, veterans enrolled.

Mr. Chairman, we feel that veterans who were prevented from enrolling in MDTA job training have been short changed by their government.

To help prevent a similar situation we want service to veterans specifically covered in this proposed legislation.

Resolution No. 13 adopted by our National Executive Committee, October 1969, requests that the American Legion recommended certain amendments to the proposed manpower bills to the effect that all war veterans will be provided the maximum of job opportunity.

The resolution is attached.

And, Mr. Chairman, I would appreciate the resolution being made part of the hearing record.

Mr. HAWKINS. Without objection so ordered.

(The resolution referred to follows:)

NATIONAL EXECUTIVE COMMITTEE MEETING OF THE AMERICAN LEGION HELD OCTOBER 8–9, 1969

RESOLUTION NO. 13

Commission: Economic.
Subject: Asking that S. 2838 and H.R. 13472, or any similar legislation proposing the establishment of a comprehensive manpower development program to assist persons in overcoming obstacles to suitable employment be amended to provide preference for war veterans.

Whereas, Pending legislation in the 91st Congress, namely, S. 2838 and H.R. 13472 proposing the establishment of a Comprehensive Manpower Development Program to assist persons in overcoming obstacles to suitable employment, makes no provision for preference to veterans who are returning to civilian life at a rate of approximately one million annually— a figure which may well increase in the foreseeable future—and to other veterans, and

Whereas, Veterans by Congressional action have traditionally received preference in training, counseling, testing and referral to existing job opportunities through the Public Employment Service, and

Whereas, The American Legion has, since its inception, supported preference to all War veterans seeking employment both in Federal service and through the Public Employment Service; Now, therefore, be it

Resolved, by the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 8–9, 1969, That The American Legion urge that S. 2838 and H.R. 13472, or any similar legislation, be amended so as to provide for veterans preference for all war veterans.

Mr. KERBY. In view of our current mandate, and in accordance with the traditional policy of Congress, the American Legion respectfully recommends the following amendments to the administration bill or any similar legislation to establish a comprehensive manpower service program.

(1) sec. 104(a) paragraph (1), page 13, lines 6–9, sub-paragraphs (C), (D), and (E) be redesignated as (D), (E) and (F) respectively and a new subparagraph be added on line 6, immediately following the semicolon after the word, "individuals" and be designated as (C) and read as follows:

"(C) providing, as required by Title 38, U.S. Code 2001, maximum job opportunity for veterans, especially in provision of job registration, job placement and labor market information."

(2) Sec. 104(a), paragraph 3, sub-paragraph (D), page 15, lines 5–6 be amended by adding the word "veterans" immediately following the comma after the word "labor" and read as follows:

"(D) The general public, including business, labor, veterans and social welfare organizations."

(3) Sec. 301(a), page 37, be amended by adding the following new phrase on line 22, immediately following the comma after the word "work", "from active military duty to civilian employment or job training."

(4) Sec. 402, paragraph (3) page 42, be amended by striking the semicolon immediately following the word "jobs" and a new clause be added and read as follows: "which shall include provision for preferential referral of veterans."

(5) Sec. 405, page 44, lines 4–10 be amended to read as follows: "Sec. 405. The Secretary shall prescribe such rules and regulations, and standards as may be necessary to carry out the purposes of this title, including standards for the following purposes:

1. To assure the compatibility on a nationwide basis of data systems used in carrying out the program established by this title, and including rules and regulations to assure the confidentiality of information submitted in confidence, and

2. To assure maximum employment opportunity for veterans as required by Title 38, U.S. Code 2001 and this Act."

Mr. Kerby. I thank you, Mr. Chairman, for the opportunity to comment on this proposed manpower legislation and we sincerely hope that our proposed amendments will be acceptable to the subcommittee, and to the Congress, which will make the legislation, if enacted, more meaningful and effective for all veterans, including Vietnam era veterans who need assistance through manpower training programs.

Mr. Hawkins. Thank you, Mr. Kerby. I think your statement is very fine and clear. Certainly there is a great deal of merit in what you have suggested.

Your recommendations are very specific.

I really don't have any questions except one, and that is, rather than in a sense compete with other groups, that is, with the disadvantaged as opposed to the veterans or any other groups among the great number of persons in need of such training, would you in addition to advocating the specific recommendations that you have outlined, also be strongly in favor of expanding the program, having it more liberally funded so that none of the groups need suffer because others would be included?

In other words, certainly disadvantaged groups should not be sacrificed for any group. We certainly have a great interest and a real duty to the servicemen as well. But would it not be better to try to solve the problem by saying that regardless of the category in which the person who needs the training falls, whether he is disadvantaged or whether he is a veteran, or whether he is a displaced journeyman, et cetera, that the Nation can afford to provide such training to those who really need it?

Mr. Kerby. We have no objection to the bill as such, and certainly no objection to assisting the disadvantaged. Of course, as you know, the preferential consideration is built into the law as it is on the books, title V, and this is, since it was not mentioned in there, our committee felt that it should be specifically spelled out.

In other words, any legislation that did concern the manpower program should spell this out. I have here, of course, statistics. The reference to the 4 percent in this category, I have obtained that from the Labor Department, and information like that, but that is the thoughts of our committee.

Mr. Hawkins. This 4 percent came from what source? That seems an unusually small percentage.

Does that conclude your statement?

Mr. Kerby. I noticed there was a little discussion on job bank, and if permissible, I would like to briefly mention it. We are fairly familiar with the job bank, and last May I investigated the one out in Utah, which is a computerized system, and of course, they do have some sections set up in Baltimore about a year or so ago, some sections were set up, which are mechanical devices.

We of course favor the computerized system, because there is built in certain preferential considerations for any group, and naturally we are interested in the veterans, however, if you go to such places as the job bank, and if the individual that needs service, happens to be here today when a job order comes in, he is going to get consideration for that job, but if this job comes in the next day and he is not there, he cannot get any consideration, and therefore we feel the computerized system is certainly by far the best.

I would like to make that point for the record, sir, and I realize the Labor Department says that it will be perhaps 5 years before this would be in each State or perhaps longer.

Mr. Hawkins. Mr. Kerby, it seems to me that many problems have arisen in connection with the returning veterans.

It was my understanding that there are numerous programs designed to handle this problem. Just to name one as an example, the transition program which is designed to train the returning veteran before he actually is released.

You say that despite the number of programs that are supposed to be in existence very few returning veterans are actually being trained or being serviced specifically as veterans by the employment service, or even being given training prior to the time that they are actually released?

Mr. Kerby. There are very good facilities before they are released. However, many times a veteran is at a point when he comes back to the States he wants to get out of the service, and he is not too interested in trying to take advantage of job opportunities at that time, I should say.

So suppose they don't, and they decide to go to school, and they want to get a job later, so they register at the U.S. Employment Service, and they of course, as we said earlier, there is a preference in the law which stipulates they shall get this preferential consideration.

However, the bulk of the sums that go to the employment services goes into other programs, of course, and because the funds for the local veterans employment representative are not earmarked for this particular program, and between 5 and 7 percent of the disadvantaged receive about 70 percent of the funds, I might say.

We certainly do not object to that, but we do feel that administratively the department could set up more funds for this particular program.

Mr. Hawkins. Again we would like to thank you, Mr. Kerby, and you, Mr. Mattingly, for testifying before this committee. I am quite sure that your testimony will be thoroughly considered when the legislation is drafted. I think it has been helpful.

Mr. Kerby. Thank you.

Mr. Hawkins. The next witness is Mr. William E. Naumann, chairman, legislative committee, Associated General Contractors of America. He is accompanied by Mr. Grant S. Shotwell, director of legislative information, and Mr. Richard M. Bowie, director of manpower and training.

You have a prepared statement. Do you have one in addition to this?

Mr. Naumann. Yes.

Mr. HAWKINS. It is not a long statement. You may wish to read it, or summarize it.

Mr. NAUMANN. I believe, Mr. Chairman, that we would like to read the statement, by reason of the fact it is short, and I will have a few comments beyond that.

STATEMENT OF WILLIAM E. NAUMANN, CHAIRMAN, LEGISLATIVE COMMITTEE, ASSOCIATED GENERAL CONTRACTORS OF AMERICA; ACCOMPANIED BY GRANT S. SHOTWELL, DIRECTOR OF LEGISLATIVE INFORMATION; AND RICHARD M. BOWIE, DIRECTOR, MANPOWER AND TRAINING

Mr. NAUMANN. Thank you. My name is William E. Naumann. I am chairman of the legislative committee of the Associated General Contractors of America, a trade association of approximately 9,000 of the Nation's leading general contractors who perform the greater part of all highway, heavy engineering, and building construction done in the United States each year. I am also a member of the heavy division and a member of the association's executive and labor committees.

I want to express our appreciation to the committee for this opportunity to present our views on the administration's bill, the manpower and training act of 1969 presently under consideration.

My remarks will be directed only to H.R. 13472 because we believe that it embraces a more favorable approach to the problems of manpower than does H.R. 11620.

For the past several years no more serious problems have confronted the general contractor than those problems dealing with manpower, training and equal improvement. Such problems, if not solved, could have an extremely disastrous effect upon our industry's ability to meet the construction needs of the Nation in an economical and expeditious manner. The lack of manpower can lead to a gradual disintegration of the industry as it exists today.

While a bill of this nature would be of importance to the construction industry at any time, it is of great importance to us at this point in time.

For the construction industry the major concern is not one of demand but one of finding and training a sufficient workforce to meet that demand.

The President stated on March 17, 1970 that "skilled construction labor has been in disturbingly short supply and that this shortage has contributed to recent construction wage settlements that exceed progress in labor productivity and increases in the general cost of living."

President Nixon also indicated that "between now and 1978 almost 2 million new jobs will be created in the construction industry" and that while "the normal operation of the labor market will supply many of these workers, new training and apprentice programs will be required, and access to the skilled labor market must be eased to meet heavy demands in the 1970's."

The Associated General Contractors of America feels that the administration's proposed Manpower Training Act of 1969, H.R. 13472, if passed by Congress could have a significant effect and impact upon the construction industry's efforts to recruit and train its desperately needed manpower. This association wholeheartedly endorses this bill and urges its prompt passage.

The principle feature of the bill, program flexibility at the State and local level, is of particular importance to the construction industry. Because of the diversified nature of the construction industry, it is virtually impossible to develop a national program that will fit the needs of the entire industry.

For example, the job opportunities in the business sector (JOBS) program, funded under the Manpower Development and Training Act of 1962 and sponsored by the National Alliance of Businessmen, is a very good program.

The JOBS program is also one of the administration's high priority programs and is a program in which this national association participates.

The JOBS program can work very effectively in certain areas—primarily those areas in which labor contracts are nonexistent. However, in those areas in which labor contracts do exist, which includes most, if not all, large urban areas and consequently those areas where the most serious problems lie, the JOBS program is extremely difficult to implement.

The reason for that is that all entry level programs developed under the jobs programs must be programs aimed 100 percent at hard-core disadvantaged persons, most of whom cannot qualify for entrance into existing apprentice training programs.

I might point out that the only penetration that this industry has been able to make against this problem is the present preapprentice program that is now being carried on in a number of areas. This program is part of the outreach program sponsored by the Urban League. Under this program young men that can't qualify for apprenticeship entrance are tutored to the point where they can meet the basic qualifications.

This problem would not be an insurmountable obstacle if the building trades unions were willing to make modifications to their entrance requiremets, which is some cases are highly questionable from a validity standpoint.

Unfortunately in most instances the various building trades unions are unwilling to modify their entrance requirements in any number.

With the elimination of the great number of categorical programs that now prevail the individual States will have complete managerial freedom to develop manpower training programs tailored to their individual needs.

The Federal Government will no longer be in the rather uncomfortable position of telling individual groups to tailor their needs to fit one of the Government's specific, categorized, manpower programs.

This new arrangement can only work to the benefit of the persons to whom this act addresses itself.

It is a well known fact that a large majority of today's skilled construction craftsmen started their careers as laborers. There are many knowledgeable people in the industry who feel that today's construction laborers represent the best, and most logical manpower pool from which to select tomorrow's journeymen.

The laborer knows the jargon of the industry and is familiar with the tools and materials of the industry and, most importantly, has proven that he can adjust to the rigors of construction life.

In the open shop areas it is still very common for laborers to cross over to the skilled crafts; however, in the union shop areas this practice is becoming less and less prevalent.

The primary reason for this is that the union laborer has to take a pay cut, not to mention his loss of seniority and pension rights, to jump from his present job to a job as a first- or second-term apprentice.

For example, the average first-term union carpenter apprentice makes approximately $3 and 60 cents, $3.60, per hour, excluding fringe benefits, while the average union laborer makes approximately $4 and 40 cents, $4.40 per hour, excluding fringe benefits.

Most union laborers, especially those with families, are not willing to take that pay cut.

Because this association is of the opinion that many effective laborers upgrading into the skilled crafts programs could be developed if it were not for this obstacle, we suggest that section 101 be amended to permit the payment of such wage supplements under certain conditions.

Further, because of the great opportunities that exist for new entrants into the construction trades and because of the national interest in construction employment at this time, we suggest that section 104 of the Manpower Training Act of 1969 be amended, requiring that a labor and management representative of the construction industry be offered the opportunity to serve on each State manpower planning organization. We also suggest that section 603, which establishes the national manpower advisory committee, be likewise amended.

While it is obvious that such an arrangement cannot be extended to every industry, we feel that the manpower training needs and problems of the construction industry are of such magnitude that this action is clearly warranted.

We also feel that amendments of this nature are well within the spirit and intent of the President's March 17 message.

The 1970 report of the joint economic committee of the Congress of the United States, House Report No. 91–972, p. 26, states that "this Nation should have a comprehensive program to combat unemployment and underemployment whether the cause is technological change, increased import conditions competition or inequality of individual opportunity."

The major concern of the AGC is to provide efficient construction service to the American people, and to accomplish this, the policies and procedures of government applicable to construction must be kept on a sound and workable basis.

The Government must re-evaluate those governmental policies and laws which are geared to unemployment and underemployment of manpower and replace them with a modern and effective approach of inducing training and employment.

Improved efficiency in the use of construction manpower is based upon economic stability. Effective planning of Federal construction progress can have a beneficial effect upon the manpower training efforts of our industry and would enable contractors to work continuously and consistently.

In closing I would again like to indicate that the associated general contractors of America wholeheartedly endorses and supports the concepts outlined and contained in the Manpower Training Act of 1969, H.R. 13472.

We sincerely feel that the decentralization of the administration of Manpower Training programs in accordance with the provisions outlined in this bill, represents not only a sound managerial decision but a new direction in State and Federal Government relations that is long overdue.

We also feel that such an action would prove to be extremely beneficial to the construction industry. It is paradoxical that this industry should have such massive manpower needs at a time when a large segment of society is suffering from chronic unemployment.

The obvious solution to this paradox is the development of realistic job training programs tailored to fit the needs of each individual State and the local communities within that State.

It is our belief that this proposed bill represents a step in that direction.

Thank you.

Mr. HAWKINS. Mr. Naumann, your statement is certainly a challenging one. The thrust of it, it seems to me is that there is a great demand for which you find difficulty in obtaining the manpower you need, and that this particular proposal or one similar to it is going to somehow help you solve that problem.

In what way will this legislation be able to, let's say, set aside some of the problems that you face in trying to get some modifications, as you suggested, modifications of the entrance requirements by the building trades unions?

Mr. NAUMANN. Mr. Chairman, I think that the first thing we have to acknowledge is the fact that historically our apprenticeship method of training has not been successful. I think this is proven by the basic figures in today's skills in the construction industry.

Only 20 percent of those that are in this industry as skilled craftsmen now came through the apprenticeship program.

The 80 percent have come through what might be termed the back door.

Mr. HAWKINS. Would you elaborate on that again, that back door?

Mr. NAUMANN. Where they have had, for example, the farm boy who has grown up and has learned to use the basic tools of one of the trades.

Some have a smattering of vocational training, coupled with some experience in some less technical areas of the construction business. At this point he enters the trade and actually finishes his training as a journeyman, and I might point out that this training is at the contractor's expense.

This is the back door—those who enter via methods other than the apprentice program.

I think there is another reason for that. Because of the qualifications of people accepted for apprenticeship training, and this is the experience in my own home area, and because of the quality of training received over the long 4-year period, we actually don't produce journeymen.

We produce people who are much more highly trained than journeymen. They don't stay journeymen. They immediately become assistant superintendents and foreman and superintendents finally.

Mr. HAWKINS. Are you saying that we are overtraining them?

Mr. NAUMANN. No, we are not overtraining them. We would hope that everyone who entered the industry was of this caliber. The problem is that there is not room in this job process for training the number of people that are going to be required in the expanding construction market in the next 10 to 20 years.

So that we don't want to do away with the very intensified long-term journeymen training programs. Our thrust, and we think it can be accomplished under this legislation, is to supplement these programs with programs that produce individuals trained in the basic requirements of a particular craft. Such training can be accomplished in a much shorter time, and can be done on a concentrated basis.

There is only room for so many trainees, or else you tax the numbers of skilled people.You tax their abilities to get their job done and at the same time train new people. I believe that in spite of all of our efforts, and there have been some very honest efforts in apprentice training since the end of World War II, the manpower needs of the construction industry have not been met.

So we feel that many of the people that we now need are going to have to be trained away from the job in training centers, where they can, through concentrated instructional and manipulative experience, learn the basic requirements of a particular trade in a much shorter time.

We feel that by tailoring Government training programs to fit individual State needs the necessary flexibility will be provided to permit the development of such training programs.

Mr. HAWKINS. You mentioned the Outreach program of the Urban League. In what way has this assisted you?

Mr. NAUMANN. Well, for example, we accomplished two things. We fulfilled our requirements under Executive Order 11246 and the 1960 Civil Rights Act. In addition we were able to work the individuals trained under this program as trainees on Davis-Bacon projects. As you no doubt know the construction industry in general, is not permitted to pay trainee wages on Davis-Bacon projects.

If we brought a raw trainee in we had to pay him journeyman rates, because he could not qualify for the apprenticeship program.

So it has given us a practical vehicle for reaching the disadvantaged, who we feel represent a tremendous source of manpower for our industry. This is an untapped reservoir, you might say, of people that can be trained to take their place as a part of the total work force in construction

Mr. HAWKINS. These are the so-called laborers in the industry now that you feel can be easily trained to become something else?

Mr. NAUMANN. This is a different category than the Outreach program. These are all young fellows.

The laborer is familiar with the language of the industry, is used to being around construction, and has developed certain skills. I must point out here that our jurisdiction problems prohibit him from doing many things on a job, that he is qualified to do.

We nevertheless feel that because of the laborer's previous association with the industry he is a logical candidate for an accelerated journeyman training program.

For example, the hod carrier. It is not too much of a tremendous transition for this man to become a basic bricklayer.

The transition of this man into a basic bricklayer is not a tremendous jump. However, under the present apprenticeship system the only thing that he could do is, again, start at the bottom as an apprentice, and that is where we get into this wage differential problem.

The only other thing that has been done, and there has been a basic reluctance to do this, is to give him credit for his previous training. This is a real hard thing to do because actually his experience has not been in that particular trade, you might say.

Mr. Hawkins. Do you think that any one of these proposals is going to be able to solve that, to eliminate the restrictions that prevent this laborer, for instance, from becoming a more skilled craftsman within the industry?

In what way are you going to be able to set these aside?

Mr. Naumann. We feel that programs can be established for journeymen improvement that will serve to supplement our basic apprentice programs. The greatest source of candidates for these programs would be laborers in many of the trades.

We have had some good experience with journeymen improvement except again, I say that in spite of all of the efforts in this industry, it has not been enough. We barely kept up with the attrition of the work force. We have not been able to build any backlog toward the requirements that we are going to need in the next 10 to 20 years, and that is why we need the supplemental programs. Our argument is that under the legislation as it is proposed, that there will be a greater efficiency in the whole training process. That programs can be tailored to given areas.

We can't blame just categorically the unions for having restricted the numbers of trainees. We have operated in this industry for a long time and, up until very recently, in a period of certainly other than full employment.

So there is no point in training a great number of people when there is no job.

But, no matter how you analyze the construction needs of this country, there is every indication that there will not be at least 20 years of relatively full employment.

Mr. Hawkins. You indicated that you felt it was not necessary to train an apprentice for 2 years for most of the occupations in the industry. Has that been based on your experience?

Mr. Naumann. This has been a question that has been discussed for a long time. Most of the apprentice training periods are for a minimum of 4 years, rather than 2 years.

Now we have had discussions and discussions that the needs of the industry could be met better by supplemental programs that take a shorter time.

Let me give you an example. Take the carpentry trade. We are starving to death for form builders, bridge carpenters.

Now it is not necessary, in our mind, that every carpenter has to know how to hang a door or how to do the lovely finished work that you have on your podium here.

We feel that the apprentice program, carried out very largely over the complete period, will produce the numbers of these people that are required, whereas by applying the real needs on a concentrated basis, we can turn out the people we need, and need quickly, and need continuously, in a much shorter time.

Yet they will have the same opportunity for economic well being as the man who has spent the full 4 years in training.

As indicated earlier 80 percent of the people in construction work today have not had apprentice training. So if there is a requirement that there is an additional recognition of what might be called, getting back to the carpenters trade, a master carpenter who can do anything, including the finishing work and hanging the doors, than conceivably a differential in wage rates paid to this man would not be an unreasonable thing.

But the fact that you can train a man in a much shorter period of time by improving the methods of training makes it possible for an individual to earn a good salary to take his place in this industry in a much shorter time than under the normal apprenticeship program.

Mr. HAWKINS. And you believe the entrance requirements are very unrealistic?

Mr. NAUMANN. No, I won't say that as a complete, broad statement. They are unrealistic in terms of reaching a great number of candidates for the work force of this industry. We feel that with the modern training materials that are presently available coupled with the realistic training methods that could be implemented should this legislation be passed, many young men who do not meet today's very rigid qualifications could make excellent candidates for construction careers.

Mr. HAWKINS. How do you dispose of the union's argument that what you would do would be to train these persons for low-income temporary jobs only to have them thrown out of employment in the future?

Mr. NAUMANN. I disagree.

I don't believe this would be the intent at all.

Mr. HAWKINS. Would you continue the training when the person is on the job?

Mr. NAUMANN. He continues it automatically, whether you give any thought to it or not. If he has had an intensive course of training, say, in form work, and he goes on the job site and is in the process of building forms, he is exposed to any number of the other work processes. His training can be completed much easier on the job if he comes there capable of producing a day's work in certain categories.

We don't have a problem with the "not quite trained" man. If we did have such a problem we would not have any work force at all. A large percentage of the construction work force is not fully trained, but they complete their training on the job. One of the programs that could and should be instituted at the local level is the journeyman improvement program. This legislation will permit the development of such programs.

Take the carpenter who can do some of the rougher work, and he already is able to earn a living. Then you can take him along and teach him by journeyman improvement to be a better carpenter and finally a master carpenter.

Mr. HAWKINS. Mr. Naumann, I am sure we could go on, but it is—the House is in session now, and so this must conclude the hearing.

Again, I would like to thank you and your associates for a very fine presentation and the very persuasive manner which you have presented the statement.

Unless you have something further to add, that will conclude the hearing this morning.

Mr. NAUMANN. Thank you, Mr. Chairman.

(Mr. Naumann submitted the following supplemental statement:)

SUPPLEMENTAL STATEMENT OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

The Associated General Contractors of America have been extremely active in the training field for many years, at both the national and local levels.

Surveys indicate that at the present time AGC contractors participate in over 400 apprentice and pre-apprentice programs for the basic trades. The breakdown is as follows:

Apprentice programs:	*Number of programs*
Bricklayers	52
Carpenters	128
Cement Masons	51
Iron Workers	59
Mill Wrights	11
Operating Engineers	35
Total	336

Preapprentice programs:	
Bricklayers	19
Carpenters	29
Cement Finishers	18
Total	66

In addition to the appentice and pre-apprentice programs, 10 AGC chapters representing hundreds of AGC contractors participate in formalized multi-craft on-the-job training programs. Approximately 30 AGC chapters, of our 131 total chapters, have recently established training programs for construction laborers and over 40 AGC chapters are involved in "upgrading" training programs of one variety or another.

AGC chapters and contractors have also been instrumental in establishing training programs designed to prepare disadvantaged youths for the construction trades, and have been actively involved in most of the large city wide minority training agreements that have recently been developed.

At the national level AGC has recently initiated two programs that are designed to help contractors ease their manpower problems and, simultaneously provide career opportunities for minority and disadvantaged youths.

In February of this year our association entered into a contract with the Department of Labor calling for the implementation of a nation-wide promotion and development program designed to train disadvantaged youths for construction careers. The program is funded under the Manpower Development and Training Act of 1962 and is the first *such* JOBS (Job Opportunities in the Business Sector) program ever developed.

In order to implement this program, AGC has hired eight full-time promotion and development specialists to work with our 131 chapters and 9,000 contractors in developing training programs for disadvantaged persons. The Department of Labor has given AGC the flexibility to develop any type of training program that can realistically and effectively be put in operation in a given area.

It is hoped, and expected, that during the coming year several thousand persons can be "trained, placed and retained" under this program.

AGC and the Laborers International Union of North America have established a national training fund which will be utilized to develop training materials. These materials will be used to increase the skills of today's construction laborer while at the same time helping to prepare him for a possible career in one of the skilled trades.

Work has already begun on the first training materials—a film, film strip and a text. In years to come, training materials will be developed that cover every aspect of the laborers occupation.

The manpower problem has become one of the biggest problems confronting general contractors today. The above information represents a capsulized summary of the training efforts being made by the Associated General Contractors of America to help overcome these problems.

(Whereupon, at 12:05 p.m., the Select Subcommittee on Labor recessed, to reconvene at 9:30 a.m., Wednesday, April 22, 1970.)

MANPOWER ACT OF 1969

WEDNESDAY, APRIL 22, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Perkins, Scherle, Steiger, and Eshleman.

Staff members present: Loretta Bowen, clerk; Cathy Romano, research assistant; Sue Nelson, research assistant; Marty LaVor, minority legislative coordinator; and Charles W. Radcliffe, special education counsel for the minority.

Mr. Daniels. The Select Subcommittee on Labor will come to order. Today we continue the hearings on comprehensive manpower legislation.

Many hearings have been held on this important subject, and I am pleased today to welcome as our first witness a very active member of the House, my colleague from the 12th Congressional District of the Empire State, New York, who during her first term of office has displayed her talent and ability and has won the admiration and respect of her colleagues in the House.

I welcome you here this morning, Mrs. Shirley Chisholm.

Chairman Perkins. Let me take this opportunity to join in welcoming the gentlelady. It has been a great experience for me to serve with the gentlelady. You have made a great contribution not only to your district from the standpoint of service, but to the entire Nation, and you are to be complimented on your stand on this legislation.

STATEMENT OF HON. SHIRLEY CHISHOLM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mrs. Chisholm. Thank you, Mr. Chairman.

I am here today to testify on the various new manpower proposals. Frankly I am a little frustrated because, in my mind, none of the proposals deal adequately with our problems and some, if carried out, would be very destructive.

Our biggest problem is our orientation. We're looking at manpower programs as a substitute for welfare. We provide funds—and then only grudgingly—to get the welfare people off our backs. What we need to do is to focus on people, on trying to help them lead fuller, richer lives.

This year Congress gave itself a raise. You and I now earn $42,500 in this same year—and with a lot of sanctimonious breast beating—we voted for a family assistance program which provides $1,600 a year for a family of four.

The new plan may be of help to some people living in rural areas but it is no real help to the urban dwellers. I challenge any one of you to try living in New York on $1,600 a year.

As I understand it, the money is only meant as a supplement—a means to help people climb up from welfare. But this will only succeed if we provide real alternative and real opportunity.

In my own community the best training programs are oversubscribed. Our OIC program has a waiting list of close to 5,000.

Because of the cutbacks in the Neighborhood Youth Corps program our community action agency has about one-fourth as many slots as it did in 1966. All of the community agencies working to help people to stay in school, secure training and jobs are feeling the pinch.

Instead of being able to expand programs they are being cut back and in some cases eliminated.

Now I am not pleading just for my district. This is happening all over the country. About a year ago there were some 1,000 CAP's, now there are about 900.

In addition to the cutback in funds the Labor Department has restricted eligibility to 16 and 17 years and has announced a reduction in stipends.

The administration has also called for a reduction in the New Careers expenditures of nearly $1,000 per trainee which as Senator Mondale pointed out "transforms it from an upward mobility and developmental program to a lower level job slot."

One hundred and twenty Job Corps centers serving 33,000 people were closing down last year with the promise that 32 mini job centers would be open by the end of fiscal year 1969.

There are now some five Job Centers in operation serving about 850 people. We are still waiting for the rest of the promise.

When the Labor Department cut back the Neighborhood Youth Corps centers they promised that the slack would be taken up by other manpower programs, meaning principally the Jobs program run then by the National Alliance for Business.

I think business can and should play a bigger role in manpower training, but I also know that businessmen are not going to train manpower, the really hard core. They are not going to initiate programs for ex-felons and ex-drug addicts or other people with very serious problems.

In fact, as mentioned before, inflation and tight money have caused layoffs in our big industries. All those men who were trained in the celebrated NAB programs in Detroit are being laid off.

Another problem which Senator Nelson's Subcommittee on Employment, Manpower, and Poverty has found is that the Jobs program is being abused by employers.

There are contracts which call for weeks of stipends for training that only takes a few days.

In other instances OJT training contracts are contingent upon receipt of defense contracts and vice versa.

Then as soon as the contract is finished, bang! Everybody is laid off. I am not condemning the whole JOBS program. There are obviously employers who have run good programs and who do a good job, but we have to look at these programs very carefully.

The main thing to be understood is that we need a wide variety of manpower programs. Programs for the young, for women, for the older worker who needs retraining.

It is self-defeating to put all our eggs in one basket. We need a variety of programs for a variety of needs.

I realize that apart from its general business orientation, that the administration feels that they get more for a buck out of JOBS. The average training program under MDTA is roughly 5 months. Most OEO programs are longer, but the reason is that the OEO programs by and large tackle tougher problems.

There must be a realization that some training is going to take longer and cost more.

For example you can't really talk about job training and placement for women unless you consider the cost of day care along with it.

As Elizabeth Koontz, the current Head of the Women's Bureau and Mary Keyserling, the Director of the Bureau from 1964–69, have both pointed out, the lack of adequate day care has been the big stumbling block in the WIN program.

This corroborates what I know from my own experience as a day care director and the experience of our community training programs. In the Brooklyn OIC program, the majority of the enrollees are women.

The breakdown is 1,405 men and 1,905 women. The Director of OIC reports that the highest rate of drop outs and absenteeism is due to the lack of child care facilities. If the babysitter does not show up or Tommy gets sick and has to go to the clinic, Mommie has to take him.

Women want to work, but they can't. A recent New York City survey indicated that 7 out of 10 women welfare recipients wanted employment but the lack of day care prevented them.

We have 32 million working women and many more who want to work.

We have five million pre-school children but only 641,000 day care spaces available. Many women, approximately 3 million, are rearing their children in fatherless homes.

Among blacks 24 percent of the families are headed by women. These women need jobs and in order to work they need adequate day care facilities.

It is not enough to provide stipends for day care. The stipend is no good if there are no day care centers. It is like giving someone grocery money where there is no grocery store.

We need to spend money, big money, on facilities and teacher training for day care if we want our training and employment programs to work.

We must also see to it that our women after they graduate from our training programs don't get locked in to entry level jobs. If you are a member of a minority group, you have an employment problem but if you are a woman as well, you carry a double burden.

Thanks to Mr. Moynihan there has been a great deal of talk about black matriarchs. Unfortunately this supposed position of authority does not express itself in earning power.

The average white man earns $7,179; the black man $4,509; white women are in third place with $4,143 per year and then at the bottom of the line are our black women who earn $2,934 a year. We must remember that one-fourth of all black families are headed by women. If we train them so that they can earn $2,934 a year we really have not solved any problems.

This of course applies to everyone. Training for entry level jobs which keep people locked in at the bottom of the economic ladder is not a solution.

In the past we have done just that and the administration's move to cut back stipends for the new careers program does not make me feel that they have a very enlightened view.

Nor for that matter does the administration's scheme to hand over all manpower programs to the State employment services. We should remember that the whole reason manpower programs came into existence in the first place is that the State employment agencies were not doing their jobs.

It seems ludicrous to me to reward them for their failure just because it fits into someone's philosophical scheme of decentralization. It would be fine if it worked, but it does not, gentlemen. Since the inception of the various manpower programs, the State employment agency people have not been goaded into significant improvements.

If you think Federal bureaucrats are difficult you ought to see them on the State and local level. The State employment agencies are limited in their thinking with respect to the real needs of people and many have not the foggiest notion of what outreach or intensive recruitment is all about.

Their offices are downtown, not in the ghetto. If one works up the courage to go into their cold, uninviting offices, he will most likely be shuffled to one or more people, fill out a series of forms, wait; wait some more and then finally he will speak to some irrelevant civil service individual who will, with a touch of noblesse oblige, give him a list of instructions and referrals.

If he tried to ask questions, and I am speaking from experience of over 10 years—in Spanish or the nonstandard English which is the Lingua Franca of the black ghetto, forget it, because he won't be understood.

Recruitment, training and placement should be a part of the package and it must be ghetto oriented if you are talking about real training programs.

It is for this reason that I have supported Senator Caleb Boggs' bill, S. 1362, which is designed to guarantee Federal funding for opportunities industrialization centers throughout the country.

In reference to this whole decentralization theory which is in vogue I would like to make another point. At this time in an effort to decentralize the cumbersome Federal machinery and to get the decisionmaking process closer to the people concerned, the Labor Department is giving a great deal more authority and responsibility to its regional offices.

I think that this is good, and it is useful, but there are certain practical problems which must be considered. It means that in the South, people who are interested in training programs for blacks must deal with people who are more susceptible to political pressure from State governments and people who themselves have a white southern point of view. This setup inhibits the creation and functioning of black-oriented programs which won't get funded or refunded.

This is already happening. I know because they come to me and the other nine black Members in Congress for help. They come to us because they feel that the State government, regional office of the Labor Department, and their own representatives are not responsive to them or sympathetic.

If you are going to have this decentralization and the enhancement of the regional office, there ought to be a review procedure at the Federal level—a last court of appeal, if you will.

I am not putting the South down. I think an appeal procedure is necessary for people in all regions in the country, but we must recognize that there are special problems in the South. That is why the phrase "southern strategy" is such a loaded one.

I don't like to suggest that the administration is using the manpower program for political purposes, but I am aware that there are 32 Republican Governors and that giving additional authority and money to the States would not exactly alienate southern Governors.

As a black, urban representative I am more than a little concerned about the consequences of the "State plan" approach. For one thing State employment agencies have a very poor record in hiring minority people within their agencies. As you can see from the enclosed table which was prepared by the Labor Department and which appeared in the "State plan" approach. For one thing State employment agencies have a very poor record in helping minority people within their agencies. As you can see from the enclosed table which was prepared by the Labor Department and which appeared in the Senate manpower hearings the ratio of minority employees within the State employment agencies is very small when compared to the minority population with the States.

(The document referred to follows:)

MINORITY GROUP STAFFING IN EMPLOYMENT SECURITY AGENCIES, EMPLOYMENT AND CHANGES IN EMPLOYMENT BY STATE AND REGION

TABLE 1.—ALL LOCATIONS AND ALL JOB CATEGORIES

State and year	Total agency staffing		Minority group staffing									
			Minority total		Negroes		Spanish Americans		American Indians		Orientals	
	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent
REGION I												
Connecticut:												
1967	887	100	38	4.3	38	4.3		0		0		0
1968	935	100	62	6.6	56	6.0	6	.6		0		0
1969	1,011	100	89	8.8	83	8.2	6	.6		0		0
Maine:												
1967	318	100	1	.3	1	.3		0		0		0
1968	318	100	1	.3	1	.3		0		0		0
1969	337	100	1	.3	1	.3		0		0		0
Massachusetts:												
1967	2,258	100	168	7.4	168	7.4		0		0		0
1968	2,383	100	201	8.4	199	8.4	2	.1		0		0
1969	1,931	100	133	6.9	131	6.8	2	.1		0		0
New Hampshire:												
1967	239	100		0		0		0		0		0
1968	237	100		0		0		0		0		0
1969	238	100		0		0		0		0		0
Rhode Island:												
1967	595	100	19	3.2	19	3.2		0		0		0
1968	595	100	16	2.7	16	2.7		0		0		0
1969	614	100	21	3.4	21	3.4		0		0		0
Vermont:												
1967	176	100	1	.6		0	1	.6		0		0
1968	183	100	1	.5		0	1	.5		0		0
1969	206	100	1	.5		0	1	.5		0		0
Total:												
1967	4,473	100	227	5.1	226	5.1	1	0		0		0
1968	4,651	100	281	6.0	272	5.8	9	.2		0		0
1969	4,337	100	245	5.6	236	5.4	9	.2		0		0

REGION 2											
New Jersey:											
1967	2,722	100	359	13.2	349	12.8	8	.3		0	2	.1
1968	3,154	100	420	13.3	403	12.8	14	.4		0	3	.1
1969	3,064	100	451	14.7	418	13.6	32	1.0		0	1	0
New York:												
1967	7,334	100	857	11.7	815	11.1	36	.5	1	0	5	.1
1968	7,545	100	969	12.8	921	12.2	44	.6	1	0	3	0
1969	7,296	100	919	12.6	870	11.9	45	.6	1	0	3	0
Total:												
1967	10,056	100	1,216	12.1	1,164	11.6	44	.4	1	0	7	.1
1968	10,699	100	1,389	13.0	1,324	12.4	58	.5	1	0	6	.1
1969	10,360	100	1,370	13.2	1,288	12.4	77	.7	1	0	4	0
REGION 3												
Delaware:												
1967	136	100	15	11.0	15	11.0		0		0		0
1968	151	100	18	11.9	18	11.9		0		0		0
1969	155	100	22	14.2	22	14.2		0		0		0
Maryland:												
1967	965	100	142	14.7	140	14.5		0		0	2	.2
1968	1,059	100	199	18.8	197	18.6		0		0	2	.2
1969	1,138	100	245	21.5	242	21.3		0		0	3	.3
Pennsylvania:												
1967	4,155	100	480	11.6	468	11.3	5	.1		0	7	.2
1968	4,396	100	513	11.7	501	11.4	3	.1	1	0	8	.2
1969	4,329	100	547	12.6	537	12.4	4	.1	1	0	5	.1
Virginia:												
1967	760	100	75	9.9	75	9.9		0		0		0
1968	847	100	87	10.3	86	10.2	1	.1		0		0
1969	912	100	89	9.8	88	9.6	1	.1		0		0
West Virginia:												
1967	505	100	23	4.6	23	4.6		0		0		0
1968	622	100	50	8.0	50	8.0		0		0		0
1969	665	100	41	6.2	41	6.2		0		0		0
Total:												
1967	6,521	100	735	11.3	721	11.1	5	.1		0	9	.1
1968	7,075	100	867	12.3	852	12.0	4	.1	1	0	10	.1
1969	7,199	100	944	13.1	930	12.9		.1	1	0	8	.1

MINORITY GROUP STAFFING IN EMPLOYMENT SECURITY AGENCIES, EMPLOYMENT AND CHANGES IN EMPLOYMENT BY STATE AND REGION—Continued

TABLE 1.—ALL LOCATIONS AND ALL JOB CATEGORIES

State and year	Total agency staffing		Minority group staffing									
			Minority total		Negroes		Spanish Americans		American Indians		Orientals	
	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent
REGION 4												
Alabama:												
1967	784	100	16	2.0	15	1.9		0		0	1	0.1
1968	818	100	17	2.1	16	2.0		0		0	1	.1
1969	879	100	22	2.5	21	2.4		0		0	1	.1
Florida:												
1967	1,446	100	77	5.3	60	4.1	17	1.2		0		0
1968	1,487	100	89	6.0	70	4.7	19	1.3		0		0
1969	1,538	100	110	7.2	88	5.7	21	1.4	1	.1		0
Georgia:												
1967	890	100	82	9.2	82	9.2		0		0		0
1968	968	100	90	9.3	90	9.3		0		0		0
1969	950	100	90	9.5	90	9.5		0		0		0
Kentucky:												
1967	750	100	45	6.0	45	6.0		0		0		0
1968	875	100	61	7.0	61	7.0		0		0		0
1969	725	100	79	10.9	79	10.9		0		0		0
Mississippi:												
1967	586	100	34	5.8	34	5.8		0		0		0
1968	599	100	42	7.0	42	7.0		0		0		0
1969	653	100	48	7.4	47	7.2		0	1	.2		0
North Carolina:												
1967	1,106	100	53	4.8	53	4.8		0		0		0
1968	1,197	100	61	5.1	61	5.1		0		0		0
1969	1,155	100	76	6.6	76	6.6		0		0		0
South Carolina:												
1967	592	100	18	3.0	17	2.9		0	1	.2		0
1968	599	100	22	3.7	21	3.5		0	1	.2		0
1969	607	100	25	4.1	24	4.0	1	.2		0		0
Tennessee:												
1967	878	100	57	6.5	57	6.5		0		0		0
1968	909	100	69	7.6	68	7.5		0		0	1	.1
1969	986	100	109	11.1	107	10.9		0		0	2	.2
Total:												
1967	7,032	100	382	5.4	363	5.2	17	.2	1	0	1	0
1968	7,452	100	451	6.1	429	5.8	19	.3	1	0	2	0
1969	7,493	100	559	7.5	532	7.1	22	.3	2	0	3	0

REGION 5												
Illinois:												
1967	2,751	100	880	32.0	870	31.6	4	.1		0	6	.2
1968	2,867	100	874	30.5	863	30.1	7	.2		0	4	.1
1969	2,946	100	931	31.6	912	31.0	11	.4		0	8	.3
Indiana:												
1967	1,089	100	114	10.5	111	10.2	3	.3		0		0
1968	1,577	100	111	9.6	107	9.2	3	.3		0	1	.1
1969	1,149	100	111	9.7	106	9.2	3	3		0	2	.2
Michigan:												
1967	2,383	100	532	22.3	532	22.3		0		0		0
1968	2,637	100	631	23.9	631	23.9		0		0		0
1969	2,718	100	709	26.1	709	26.1		0		0		0
Minnesota:												
1967	950	100	34	3.6	25	2.6	6	.6	3	.3		.0
1968	968	100	45	4.6	24	2.5	7	.7	12	1.2	2	.2
1969	1,050	100	64	6.1	37	3.5	8	.8	17	1.6	2	.2
Ohio:												
1967	2,586	100	408	15.8	390	15.1	16	.6		0	2	.1
1968	2,812	100	447	15.9	430	15.3	15	.5		0	2	.1
1969	2,851	100	473	16.6	454	15.9	17	.6		0	2	.1
Wisconsin:												
1967	873	100	19	2.2	15	1.7	2	.2	1	.1	1	.1
1968	941	100	34	3.6	25	2.7	3	.3	4	.4	2	.2
1969	1,083	100	83	7.7	69	6.4	8	.7	6	.6		0
Total:												
1967	10,632	100	1,987	18.7	1,943	18.3	31	.3	4	0	9	.1
1968	11,382	100	2,142	18.8	2,080	18.3	35	.3	16	.1	11	.1
1969	11,797	100	2,371	20.1	2,287	19.4	47	.4	23	.2	14	.1
REGION 6												
Arkansas:												
1967	624	100	34	5.4	34	5.4		0		0		0
1968	668	100	40	6.0	40	6.0		0		0		0
1969	720	100	69	9.6	69	9.6		0		0		0
Louisiana:												
1967	881	100	25	2.8	25	2.8		0		0		0
1968	988	100	52	5.3	52	5.3		0		0		0
1969	1,068	100	83	7.8	83	7.8		0		0		0
New Mexico:												
1967	365	100	182	49.9	4	1.1	164	44.9	14	3.8		0
1968	416	100	209	50.2	4	1.0	179	43.0	26	6.3		0
1969	515	100	292	56.7	7	1.4	225	43.7	60	11.7		0

MINORITY GROUP STAFFING IN EMPLOYMENT SECURITY AGENCIES, EMPLOYMENT AND CHANGES IN EMPLOYMENT BY STATE AND REGION—Continued

TABLE 1.—ALL LOCATIONS AND ALL JOB CATEGORIES

State and year	Total agency staffing		Minority group staffing									
			Minority total		Negroes		Spanish Americans		American Indians		Orientals	
	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent
Oklahoma:												
1967	667	100	95	14.2	64	9.6	3	0.4	28	4.2	--------	0
1968	739	100	108	14.6	69	9.3	2	.3	37	5.0	--------	0
1969	764	100	146	19.1	98	12.8	4	.5	44	5.8	--------	0
Texas:												
1967	2,744	100	297	10.8	112	4.1	184	6.7	--------	0	1	0
1968	2,946	100	342	11.6	113	3.8	226	7.7	--------	0	3	1
1969	2,978	100	415	13.9	150	5.0	261	8.8	1	0	3	1
Regional total:												
1967	5,281	100	633	12.0	239	4.5	351	6.6	42	.8	1	0
1968	5,757	100	751	13.0	278	4.8	407	7.1	63	1.1	3	1
1969	6,045	100	1,005	16.6	407	6.7	490	8.1	105	1.7	3	0
REGION 7												
Iowa:												
1967	559	100	11	2.0	4	.7	2	.4	3	.5	2	.4
1968	573	100	22	3.8	19	3.3	1	.2	2	.3	--------	0
1969	672	100	30	4.5	22	3.3	3	.4	5	.7	--------	0
Kansas:												
1967	548	100	20	3.6	17	3.1	3	.5	--------	0	--------	0
1968	576	100	23	4.0	18	3.1	3	.5	2	.3	--------	0
1969	568	100	28	4.9	22	3.9	2	.4	4	.7	--------	0
Missouri:												
1967	1,301	100	93	7.1	89	6.8	1	.1	1	.1	2	.2
1968	1,474	100	167	11.3	163	11.1	2	.1	--------	0	2	.1
1969	1,528	100	180	11.8	175	11.5	1	.1	1	.1	3	.2
Nebraska:												
1967	326	100	15	4.6	11	3.4	2	.6	2	.6	--------	0
1968	348	100	24	6.9	15	4.3	2	.6	7	2.0	--------	0
1969	362	100	28	7.7	19	5.2	2	.6	6	1.7	1	.3
Total:												
1967	2,734	100	139	5.1	121	4.4	8	.3	6	.2	4	.1
1968	2,971	100	236	7.9	215	7.2	8	.3	11	.4	2	.1
1969	3,130	100	266	8.5	238	7.6	8	.3	16	.5	4	.1

REGION 8												
Colorado:												
1967	633	100	87	13.7	29	4.6	52	8.2	4	.6	2	.3
1968	635	100	88	13.9	30	4.7	49	7.7	7	1.1	2	.3
1969	682	100	102	15.0	28	4.1	64	9.4	6	.9	4	.6
Montana:												
1967	287	100	2	.7		0		0	2	.7		0
1968	298	100	2	.7		0		0	2	.7		0
1969	314	100	5	1.6		0	2	.6	3	1.0		0
North Dakota:												
1967	256	100	2	.8		0		0	2	.8		0
1968	231	100	7	3.0		0		0	7	3.0		0
1969	247	100	6	2.4		0		0	6	2.4		0
South Dakota:												
1967	183	100	2	1.1		0		0	2	1.1		0
1968	202	100	9	4.5		0		0	9	4.5		0
1969	211	100	10	4.7		0		0	10	4.7		0
Utah:												
1967	401	100	4	1.0		0		0	1	.2	3	.7
1968	463	100	8	1.7	1	.2	1	.2	2	.4	4	.9
1969	496	100	26	5.2	5	1.0	9	1.8	7	1.4	5	1.0
Wyoming:												
1967	181	100	7	3.9	2	1.1	2	1.1	3	1.7		0
1968	198	100	6	3.0	2	1.0	1	.5	3	1.5		0
1969	203	100	9	4.4	1	.5	2	1.0	6	3.0		0
Total:												
1967	1,941	100	104	5.4	31	1.6	54	2.8	14	.7	5	.3
1968	2,027	100	120	5.9	33	1.6	51	2.5	30	1.5	6	.3
1969	2,153	100	158	7.3	34	1.6	77	3.6	38	1.8	9	.4
REGION 9												
Arizona:												
1967	637	100	73	11.5	19	3.0	37	5.8	13	2.0	4	.6
1968	711	100	131	18.4	31	4.4	62	8.7	32	4.5	6	.8
1969	799	100	184	23.0	62	7.8	73	9.1	42	5.3	7	.9
California:												
1967	6,123	100	1,075	17.6	571	9.3	225	3.7	9	.1	270	4.4
1968	6,347	100	1,101	17.3	536	8.4	261	4.0	10	.2	294	4.6
1969	6,912	100	1,379	20.0	674	9.8	362	5.2	22	.3	321	4.6
Hawaii:												
1967	212	100	195	29.0		0		0		0	195	92.0
1968	225	100	208	92.4		0		0		0	208	92.4
1969	241	100	221	91.7		0		0		0	221	91.7
Nevada:												
1967	272	100	8	2.9	6	2.2		0	1	.4	1	.4
1968	313	100	11	3.5	6	1.9	1	.3	3	1.0	1	.3
1969	341	100	36	10.6	32	9.4	1	.3	2	.5	1	.3
Total:												
1967	7,244	100	1,351	18.6	596	8.2	262	3.6	23	.3	470	6.5
1968	7,596	100	1,451	19.1	573	7.5	324	4.3	45	.6	509	6.7
1969	8,293	100	1,820	21.9	768	9.3	436	5.3	66	.8	550	6.6

MINORITY GROUP STAFFING IN EMPLOYMENT SECURITY AGENCIES, EMPLOYMENT AND CHANGES IN EMPLOYMENT BY STATE AND REGION—Continued

TABLE 1.—ALL LOCATIONS AND ALL JOB CATEGORIES

State and year	Total agency staffing		Minority group staffing									
			Minority total		Negroes		Spanish Americans		American Indians		Orientals	
	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent	Number reported	Percent
REGION 10												
Alaska:												
1967	190	100	16	8.4	3	1.6		0	13	6.8		0
1968	207	100	21	10.1	5	2.4		0	16	7.7		0
1969	239	100	28	11.7	5	2.1		0	22	9.2	1	.4
Idaho:												
1967	312	100	4	1.3		0	1	.3	3	1.0		0
1968	351	100	9	2.6		0	1	.3	8	2.3		0
1969	346	100	11	3.2	1	.3	1	.3	8	2.3	1	.3
Oregon:												
1967	772	100	21	2.7	7	.9	3	.4	5	.6	6	.8
1968	759	100	32	4.2	11	1.4	6	.8	11	1.4	4	.5
1969	825	100	57	6.9	35	4.2	6	.7	12	1.5	4	.5
Washington:												
1967	978	100	20	2.0	10	1.0	4	.4	3	.3	3	.3
1968	999	100	52	5.2	32	3.2	3	.3	12	1.2	5	.5
1969	1,144	100	87	7.6	59	5.2	7	.6	15	1.3	6	.5
Total:												
1967	2,252	100	61	2.7	20	.9	8	.4	24	1.1	9	.4
1968	2,316	100	114	4.9	48	2.1	10	.4	47	2.0	9	.4
1969	2,554	100	183	7.2	100	3.9	14	.5	57	2.2	12	.5
National total:												
1967	58,166	100	6,835	11.8	5,424	9.3	781	1.3	115	.2	515	.9
1968	61,926	100	7,802	12.6	6,104	9.9	925	1.5	215	.3	558	.9
1969	63,361	100	8,921	14.1	6,820	10.8	1,185	1.9	309	.5	607	1.0

Mrs. CHISHOLM. For example in Alabama, blacks form 30 percent of the State population yet only 2.4 percent of the State employment service are black. In Mississippi, blacks constitute 42 percent of the population but only 7.2 percent of the employees in the State employment service.

In North and South Carolina blacks comprise 24.5 percent and 34.8 percent respectively but only 6.6 and 4.0 percent of the State employment service.

Spanish-speaking Americans have the same problem. In Texas where Mexican Americans form 14.7 percent of the population they are represented by only 8.8 percent of the employees in the State employment service.

Now I know some people are going to say we are not going to play the numbers game. I am not playing any games either, but numbers are important. They indicate a pattern, a pattern that this committee must be aware of before it turns over all our manpower programs to the States.

I stressed the point that I was a black urban representative for a very specific reason. Under the administration approach the cities will be at a tremendous disadvantage.

In spite of the "Pass-Through" features the cities will be at the mercy of the State governments with regard to the amount of the funds they will receive and the manner in which they will be disbursed.

In a long colloquy with Senator Nelson, Secretary Shultz explained that a mayor could appeal his case to the Secretary of Labor and that the Secretary did have the power to override the Governor if necessary.

Judging from the past record in overrides with regard to the OEO program I just don't see this happening very often. I doubt very much if the administration would override one of its Republican Governors and they would shrink even at the thought of overriding a southern Governor.

What we need is not to add another layer of bureaucracy by turning our manpower program over to the States but rather to consolidate and expand the manpower programs under the Department of Labor.

This is why I am supporting so strongly the O'Hara legislation. We need more commitment to and emphasis on not only job training but also to job creation.

In the last couple of evenings CBS news has begun a series of programs on the terrible problems facing American citizens in the health field. The same pattern repeats itself in many areas of the public service sector. Our schools, libraries, police departments, sanitation departments, recreational and park departments, day care centers, and many others are desperately in need of additional manpower.

These are not make work jobs but services which our citizens want and need. Doesn't it seem absurd in this, the richest of all countries, to have people begging for work on one hand and having vital human services jobs go unfulfilled on the other. We have got to begin to create federally financed jobs in the public service field.

As you know our unemployment rate has not risen to 4.6 percent. This may sound small when we speak of it in terms of percentage points but what it means, gentlemen, is that 3,733,000 people are now out of work.

Just as fractions of a second have a critical effect on the maneuvers of our astronauts in space so also those few percentage points are having a critical effect on the lives of millions of our fellow Americans.

Mr. **Daniels**. Mrs. Chisholm, both personally and on behalf of the committee, I want to thank you for a very fine statement and for bringing to our attention the particular data that is set forth in your statement.

You did mention that you support the bill sponsored by our colleague, Mr. O'Hara, H.R. 11620.

Mrs. **Chisholm**. Yes.

Mr. **Daniels**. And you are opposed to the decentralization principle set forth in the administration bill.

Mrs. **Chisholm**. Yes. I want it to be clearly stated, that it is very important, not only in terms of job training, which is one of the main factors in this whole question of employment and training, but also the whole question of upward mobility, the whole question of the creation of new jobs, because it is one thing to train persons for employment, and it is another thing for them to have the feeling that they will be able to eventually move on up and out into the economic mainstream of American life, and this is what I am very concerned about.

Mr. **Daniels**. Our field hearings conducted during the Easter recess showed some glaring deficiencies in our programs, and my colleague, Mr. Scherle, will agree with me that we add to the frustration and anger of the unemployed, particularly those from the ghetto areas, when we train them for jobs and on the completion of the training program there are no jobs available.

Mrs. **Chisholm**. There is one other point I would like to leave you. I don't know if this is at all possible but I have been thinking about this, and I was wondering if in some way there could not be a coordination in terms of sections of this Nation where certain regions of this Nation have certain jobs going begging.

They really need personnel and help, but the training programs in that particular area or that particular region do not prepare the people to go into those jobs which around them are going begging, and I was wondering if there was not a possibility of the coordination of the job training relative to the jobs that are going begging in that particular region, because we are finding this a great deal.

Mr. **Daniels**. I think you make a very fine point, and I agree with you that there should be a survey and an evaluation made of the opportunities of the employment, and to encourage the trainees to pursue training in those areas where the need is greatest and where jobs are available.

Mr. **Scherle**. Will the chairman yield?

Mr. **Daniels**. I am not going to ask any more questions. I will be happy to recognize the gentleman from Iowa.

Mr. **Scherle**. Mrs. Chisholm, it is a pleasure to have you here before our committee this morning, and to answer your question about job selection, on our field trips out in California we did visit skill centers, in fact, two of them, and we found out that, particularly in the one in downtown Los Angeles, that they did, through the Human Resources Development, HRD, they call it, made the selections of the type of training that was needed in that immediate area.

As the various applicants came in, they were screened for those jobs that were needed in the immediate area. So in this particular area, I think this is being done.

Whether or not it is being done throughout other regions in the United States, I am not sure. However, I do realize the value of that being done, because there is no sense in training a person for a job that does not exist.

Mrs. Chisholm, if I might just take up a few more points. On page 2 you made the statement: "In fact, as mentioned before, inflation and tight money have caused layoffs in our big industry. All those men trained in the celebrated NAB program in Detroit are being laid off."

I am sure you are aware that in a plant of any size or any magnitude where they have labor contracts, the unions themselves decide who has seniority and who gets laid off and who does not.

So as far as there are mortality rates concerned in people being laid off, I think this is handled through the discretionary powers of the labor and negotiating contracts.

Mrs. CHISHOLM. May I respond very briefly?

That is so. I think we do have to recognize, then, very seriously the limitations of big business in this area because most of the persons who are moving into those programs to get training will, of course, because of certain practices be the first ones to be laid off.

So therefore it is the old question of last hired and first fired. Therefore, we have to be very cognizant of the limitations which are involved.

Mr. SCHERLE. This is true, but we also have to be realistic as far as business is concerned as to the situations which, through perhaps no fault of their own, the retrenchment of the economy and so on.

Another point, "another problem which Senator Nelson's Subcommittee on Employment, Manpower and Poverty has found is that the JOBS program is being abused by employers."

Well, I don't know whether it was abused necessarily by employers, but I do know people take advantage of these situations.

The problem is, whose fault is this?

Once again, we go back to the employer, necessarily, or the area in which the job training is taking place. It is those people who fund those programs and do not monitor or control those programs to make sure those people are eligible for that planning and to make sure that their training is proper.

We had a situation in Des Moines, Iowa, where through the department of public safety, I think these people were hired for, oh, I don't know how many weeks. Some of these people had been on the job 17 years, and did not even know they were part of a training program.

The cost to the government was close to $10,000. I think situations like this are ridiculous. But the neglect there lies with the people who are authorized to administer these programs, rather than the people who are funded.

They sometimes have to be controlled, too.

Mrs. CHISHOLM. Yes.

Mr. SCHERLE. You mentioned the fact, also, that apart from general business orientation that the administration feels they will get more back for a buck out of JOBS.

This is a reason why every member of this committee feels that this new approach to manpower training is needed desperately. We have programs that duplicate and extend into every conceivable area. The intention of this committee is to try to and correlate all these programs, bring them a little closer together so we know who is to blame if we have a bad program, and some place where responsibility might rest.

You also make the statement on page 4 about placement. In this it is something that has always concerned me deeply. Like with the Job Corps programs, we were training young men and young women and then just cast them out. Nobody followed through and made sure they had a job, or if they did, it might have been one person interview and that was it.

This is unfortunate. If they are going to spend the time, money and effort that the Government feels we should, then the one thing we ought to have when they get through is some sort of employment opportunity.

Mrs. CHISHOLM. I would like to make one comment there. I think in regard to whatever kind of programs we might implement, I think it is so important to make sure that we have a comparability, not only on the part of employers and employees and what have you.

We have not been doing enough about accountability when the Government expends a great deal of money to train people. Somebody has got to account for somebody else or some group.

This is why in so many instances many of the programs that had good built-in features got lost. I think the Governors should look at this more in the future.

Mr. SCHERLE. This has been my concern ever since I have been on this committee, sometimes an impression is created that if we pour enough money into the project then it will take care of most problems. The committee does not have the personnel to follow through to monitor the programs. Thus, the money wasted adds up as a perpetuator of administrators who build their own bureaucracies to the frustration and despair of the people who need the programs.

On page 5, you say:

> I don't like to suggest that the administration is using the manpower programs for political purposes, but I am aware that there are 32 Republican Governors and that giving additional authority and money to the states would not exactly alienate Southern Democrats.

Well, how are the 18 Democratic Governors treating this program?

Mrs. CHISHOLM. I won't respond. [Laughter.]

Mr. SCHERLE. At one more point on page 6, you also say here that "judging from the past record in overrides with regard to the OEO program, I don't see this happening very often."

I doubt very much if the administration would override one of its Republican Governors and they would shrink even at the thought of overriding a Southern Governor."

Mrs. CHISHOLM. Your conclusions are not justified. When we were debating OEO, particularly on legal services, we had unquestionable evidence that the OEO director had overriden Republican Governors

Ronald Reagan of California, Louie Nunn of Kentucky, Arch Moore from West Virginia. He has overridden the Governor of Missouri, a Democrat from the South.

Mrs. CHISHOLM. Might I respond very briefly?

In terms of many of the programs that are being conducted in many of our Southern States which have not been funded or refunded in terms of these persons constantly coming to my office from the Southern States of this country where the black population is very high, and they are overburdened and overloaded with the things going on in these States, this leaves very serious question in my mind as to what programs have been overridden.

I think there are many factors that we need to go into, and I can prepare some very deep information with respect to specific kinds of programs that have been brought to my attention.

Mr. SCHERLE. We have had a very high mortality rate as far as what Don Rumsfeld has done with the Republican Governors, and I would like to think that we feel that a fair, nonpartisan area prevails.

Mrs. CHISHOLM. I would hope so. I can bring certain concrete cases to the attention of Mr. Rumsfeld with respect to these programs that the same kind of treatment would be meted out so that these persons would be able to get some economic benefits.

Mr. SCHERLE. I have not found him to be very partisan in regard to any overrides.

Mrs. CHISHOLM. Very good. I am very glad to hear that. Thank you.

Mr. DANIELS. I would like to recognize the gentleman from Wisconsin at this time.

Mr. STEIGER. Thank you, Mr. Chairman.

Welcome, Mrs. Chisholm, here. I appreciate very much your testimony, and I apologize that I was not here during its presentation. Thank you for coming.

Mrs. CHISHOLM. Surely.

Mr. DANIELS. We next have a panel of witnesses of Employment Security Agency officials, and I would like to now call to the witness table the following persons: Mr. Vavoulis, chairman of the panel, director, Minnesota Employment Security Agency, and president, Interstate Conference of Employment Security Agencies; Mrs. Maxine Daly, commissioner, Employment Security Department, State of Washington; and Mr. William C. Diosegy, executive director, Bureau of Employment Security, Commonwealth of Pennsylvania.

We appreciate your coming here today to give us the benefit of your views. You have filed statements with the committee and I notice that some of them are rather voluminous. Therefore, I would suggest that you supply your statements for the record and summarize your testimony.

Would this meet your approval?

Mr. VAVOULIS. Yes; it does.

I would like to get into the record, if I may, the statement in behalf of the Interstate Conference of Employment Security Agencies to the National organization composed of the 50 States, and then I would like to have each Commissioner present their testimony as it represents their statement. In those statements we will try to be as concise as we can.

Mr. Daniels. Then the statement on the State Employment Security Agencies will be incorporated in the record.

(The document referred to follows:)

Statement of George J. Vavoulis, President, Interstate Conference of Employment Security Agencies (Commissioner, Minnesota Department of Manpower Services)

Mr. Chairman, members of the Subcommittee, my name is George J. Vavoulis. I am the Commissioner of the Minnesota Department of Manpower Services, and the President of the Interstate Conference of Employment Security Agencies. I am here today as a representative of the Intertsate Conference to urge your support of the Manpower Training Act of 1969. The majority of employment security State administrators join with me in support of the concept of the bill and its stated purposes, but would recommend several changes to the proposed legislation which I will outline later.

The Interstate Conference of Employment Security Agencies is an organization composed of the chief administrative officials of the State employment security agencies in the fifty states, District of Columbia, Puerto Rico, and the Virgin Islands. As you know, these agencies are responsible for the administration of the whole host of employment service programs and the unemployment insurance program in their respective States. The ICESA has spent considerable time in the study and discussion of the aspects of the legislation before us today. As a matter of fact, the State administrators met for two full days in October, during which time the legislation was carefully analyzed and a number of recommendations made to the Department of Labor. Today I will discuss with you those amendments which State administrators feel will strengthen the legislation.

At the outset, I wish it clearly understood that the Conference strongly supports the enactment of a Manpower Act which will eliminate the now existing duplicate and overlapping efforts of the myriad of agencies attempting to cope with employment problems. We believe that such legislation would not only strengthen manpower planning and programming in the Nation, but effect the delivery of far greater services at significantly reduced costs.

We also strongly advocate that the Federal-State system of employment security agencies be designated as the manpower agency at the *State* level to deliver or coordinate these services. Over the past 35 years or so, these State Agencies have built a network of local offices which reach into every area of the Nation. They have also gained the experience and expertise to accomplish the job, which I believe the Congress desires. The employment security agency of ten years ago is no more—we have shifted gears, redirected our approach toward a greater emphasis on serving the disadvantaged, and now are the single agency in the community which can effectively provide a complete manpower service.

Following the meeting of State administrators in October, the Interstate Conference conducted a poll to ascertain the support of the proposed bill. The Conference has recommended five amendments to the existing proposal. On the basis of the amended Act, 38 State Agencies, comprising over 65% of the workers covered under State unemployment insurance laws, and over 64% of the total employers covered under these same laws, voted in favor of the amended Manpower Training Act of 1969. Only four States having 11% of the total covered workers and 8½% of the covered employers were opposed. Ten States did not vote. I might add that only eight States were in favor of the original proposed legislation as introduced in H.R. 13472 and S. 2838.

The amendments that the ICESA proposes have been outlined in detail in the attachment to my remarks, of which you have a copy. I would like to briefly outline these recommended changes for you. The Conference advocates that Sections 102, 104, and other related Sections be amended so the decision of the Governor in approval of local plans is final. We also recommend that Section 106 be amended to preclude competition between Federal and State Agencies.

The majority of State administrators feel that the proposed four levels of grants to States were excessive, and recommend that this be reduced to two. It is also the wish of the Conference that the reference to private job placement agencies in Title IV should either be debted or modified to include only private, nonprofit job placement agencies.

The final recommendation that we would make is that the programs financed under the terms of the Wagner-Peyser Act not be subject to the control of the State manpower planning organization. I might hasten to add, however, that this recommendation does not preclude the review by the State manpower planning organization of the plans of these programs. In summary, I would like to repeat once more that based upon numerous discussions and study the vast majority of the States support the Manpower Training Act of 1969, including the recommendations I have outlined above. We strongly urge that this bill be reported favorably by the Committee.

I would now be pleased to answer any questions you may have regarding either my statement or the position of the Interstate Conference of Employment Security Agencies.

Gentlemen, I wish to thank you for allowing me to appear before your Committee today.

ATTACHMENT TO STATEMENT BY GEORGE J. VAVOULIS

A. Recommended amendments to H.R. 13472 and S. 2838

The following five amendments to the proposed Manpower Training Act of 1969 were adopted by the Interstate Conference of Employment Security Agencies at a Meeting of State Administrators on October 28–29, 1969 in Kansas City, Missouri:

3. The Conference recommends that Sections 102, 104. and other related sections of the bill as may be necessary, be amended so that the decision of the Governor in regard to approval of local plans in SMSA's and other areas desig- nated by the Secretary as he deems appropriate, is final unless appealed by the locality to the Secretary; in that event, the decision of the Governor is final if the Secretary finds such decision is supported by substantial evidence.

4. The Conference recommends that Section 106 of the bill, defining the Secretary's authority to provide manpower services in a State where there is noncompliance or absence of an approved plan, and other relevant sections as appropriate, be amended so that the authority of the Secretary to provide manpower services in the State be restricted, so that he may not perform, as a competing Federal Agency, the manpower services referred to in Section 101 of the bill which are being performed by the State Employment Service agencies.

5. The Conference is of the opinion that the four levels of grants to the States provided for in the bill are excessive and would tend to create conflict with respect to the responsibilities of the States and the Secretary in carrying out the program; and it also questions the practicality and validity of the concept of exemplary performance as provided for in the bill. The Conference, therefore, recommends that the bill be appropriately modified to eliminate the exemplary performance concept and to provide that 80% of the funds appropriated under the bill allocated to the States in two levels.

6. The Conference recommends that the reference to private job placement agencies in Title IV of the bill either be deleted or modified to include only private nonprofit job placement agencies.

7. The Conference recommends that the administration of programs financed under the Wagner-Peyser Act not be subject to the control of the State manpower planning organization which is established by Section 104 of the bill and, for this purpose that Section 104 and any other relevant sections be amended so as to delete the reference to programs financed under the Wagner-Peyser Act. This recommendation is not intended to preclude review by the State manpower planning organization of any State plan of service or portions thereof developed in connection with programs financed under the Wagner-Peyser Act.

B. On January 22, 1970 all State Agencies were polled to determine their position on the proposed Manpower Training Act of 1969 as (1) introduced in the Congress as H.R. 13472 and S. 2838, and (2) with appropriate amendments to carry out ICESA recommendations 3, 4, 5, 6, and 7 adopted at the Meeting of State Administrators in Kansas City, Missouri, October 28–29, 1969. The results of the poll are as follows: 1. H.R. 13472 and S. 2838 as introduced in Congress.

	Number of State agencies	Percent of total covered workers [1]	Percent of total covered employers [2]
In favor	8	26.2	33.5
Not in favor	25	41.5	36.5
Not voting	19	32.3	30.0
Total	[3] 52	100.0	100.0

[1] Total workers covered under State unemployment insurance laws as of June 1969, excluding the District of Columbia.
[2] Total employers covered under the State unemployment insurance laws as of September 1969, excluding the District of Columbia.
[3] Includes Puerto Rico and the Virgin Islands. The Virgin Islands has a vote as a member of the Conference but does not have an approved State unemployment insurance law and therefore has no basis for inclusion in percent of covered workers and covered employers. The District of Columbia is not included in this poll since only the District Unemployment Compensation Board is a member of the Conference.

2. H.R. 13472 and S. 2838 with appropriate amendments to carry out ICESA recommendations 3, 4, 5, 6, and 7 adopted at the meeting of State Administrators in Kansas City, Missouri, October 28–29, 1969.

	Number of State agencies	Percent of total covered workers [1]	Percent of total covered employers [2]
In favor	[3] 38	65.2	63.6
Not in favor	4	11.1	8.5
Not voting	10	23.7	27.9
Total	[4] 52	100.0	100.0

[1] Total workers covered under State unemployment insurance laws as of June 1969 excluding the District of Columbia.
[2] Total employers covered under the State unemployment insurance laws as of September 1969 excluding the District of Columbia.
[3] Illinois voted in favor with amendments 6 and 7 only.
[4] Includes Puerto Rico and the Virgin Islands. The Virgin Islands has a vote as a member of the Conference but does not have an approved State unemployment insurance law and therefore has no basis for inclusion in percent of covered workers and covered employers. The District of Columbia is not included in this poll since only the District Unemployment Compensation Board is a member of the Conference.

Mr. Vavoulis. Let me ask first that the record show that William R. Ford, director of Employment Security Commission, State of Michigan, was unable to be here this morning because of illness.

STATEMENT OF A PANEL COMPOSED OF EMPLOYMENT SECURITY AGENCY OFFICIALS: GEORGE J. VAVOULIS, CHAIRMAN OF THE PANEL, DIRECTOR, MINNESOTA EMPLOYMENT SECURITY AGENCY, AND PRESIDENT, INTERSTATE CONFERENCE FOR EMPLOYMENT SECURITY AGENCIES; MRS. MAXINE DALY, COMMISSIONER OF EMPLOYMENT SECURITY, THE STATE OF WASHINGTON; WILLIAM C. DIOSEGY, EXECUTIVE DIRECTOR, BUREAU OF EMPLOYMENT SECURITY, COMMONWEALTH OF PENNSYLVANIA

Mr. Vavoulis. I would like to express our appreciation for the opportunity to appear before this committee, and to point out that the testimony that we will present represents actual experiences as employment security agencies that we are now having in our respective States.

This is not a philosophy or a matter of opinion, but statements that are going to be made in behalf of each employment security agency.

I would like to first call on Mrs. Maxine Daly, who is a commissioner from the State of Washington, to present her statement.

Mr. DANIELS. Please proceed, Mrs. Daly.

STATEMENT OF MAXINE DALY, COMMISSIONER OF EMPLOYMENT SECURITY DEPARTMENT, STATE OF WISCONSIN

Mrs. DALY. Thank you, Mr. Chairman and Mr. Steiger.

I am very pleased to be here. My name is Maxine Daly. I am a commissioner of the Washington State Employment Security Department, and I do want to speak today about how our State is meeting the manpower challenges of the 1970's.

I will attempt to keep my remarks as brief as possible and summarize them to the greatest extent necessary in the interests of time.

I do want you gentlemen to know, however, that we in the great State of Washington have addressed ourselves to the challenges of the day, and I believe that very successfully we are meeting them.

Mr. DANIELS. If the gentlelady would yield, her statement will be incorporated in the record in full at this point.

(The document referred to follows:)

STATEMENT OF MAXINE E. DALY, COMMISSIONER, WASHINGTON STATE EMPLOYMENT SECURITY DEPARTMENT

My name is Maxine Daly and I am commissioner of the Washington State Employment Security Department.

I want to speak today to the problems of manpower and how government, in the form of the federal-state employment security system, has responded to these problems. More specifically, I want to speak of the Washington State Employment Security Department and how this agency has risen to the manpower challenge of the 1970's.

Throughout the history of our nation government has been subject to an ever-enlarging array of challenges. In recent years, these challenges have increased in tempo and intensity. They have been directed at all levels, federal, state and local, but more usual at the local level. The reason is clear: That is where the effects of government are most noticeable; that is where the impact is felt; that is where the individual measures the worth of government services.

In my judgment, the actions of government can be evaluated properly only in the context of the times in which they occur. For this reason, I believe it important to take a brief moment to call attention to the concept of manpower service which was developed, through national policy, over the 30 year period following the creation of the public employment service in 1933, now an integral part of the federal-state Employment Security system. Meaningful and effective change in any agency will occur only with change in the basic concept of service as applied to that agency, and as directions are enunciated by the demands of the times and expressed by the will of our elected leaders.

By 1960 the public employment service had developed an intricate informational system designed to accomplish one principal task—that of finding qualified workers to satisfy the requirements of employers. The highly qualified worker was eagerly sought. Employment offices went to great lengths to entice both applicants and employers. The competition for quality applicants and quality job orders was severe. Because of the way the job market operated, the well-qualified job seeker had little need for the employment service and, in fact, made minimal use of it. Nevertheless, promotional efforts were directed toward increasing this usage, and success measurements included evaluations of the results of these efforts. Why? Because national policy directed this thrust and the system responded.

Then, beginning with the Manpower Training Act of 1962 and much more forcefully with the passage of the Civil Rights Act and the Economic Opportunity Act in 1964, strident demands for change were reflected in public policy. Government had, in effect, admitted that all was not right with the world. The invisible American—the poor American—was no longer invisible and no longer mute. Among the cries of the poor, or more accurately of those who claimed to represent them, were these: "Existing agencies of government have not been responsive to the needs of the poor!" "Old line public agencies cannot and are not willing to change!"

In all candor, we must admit to the first—but we as practitioners in the field stoutly disclaim the second. Existing public agencies of government can change! More than that, they are willing—even eager—to change. And most importantly, they *have* changed. The record needs to be set straight, and my purpose will be to do this.

Washington State, with a population of some 3 million people, has one of the most diverse social, economic and geographic structures of any state in the Union. Often known as the "land of contrasts" our state encompasses a land area of some 68,192 square miles, covering areas of industrial density, vast timberlands and open spaces, extensive farm lands and agricultural enterprise, intricate waterway systems and hydroelectric projects, all tied together by a network of small towns and sparsely settled rural areas. So then, in addressing ourselves to the manpower problems of a population living in this environment, *we must be responsive to the needs of the individual wherever we find him.*

In doing so, the Washington Employment Security Department was one of the first to adopt and implement the philosophy of human resources development. The time had come to examine traditional concepts, to identify fallacies and truths, strengths and weaknesses, and to create a whole new philosophy of service based on individual needs.

To implement the new philosophy, we *did not* set up separate units within local offices to provide special treatment to a special segment, the socalled disadvantaged, while carrying on business as usual elsewhere. *We reordered our priorities.*

It became our objective that those whose need for service was the greatest would get our first attention; those whose needs were less would have the information they needed available to them. Inherent in this philosophy was the belief that our professional staff ought to have the capability of providing services to any individual to the extent those services were needed. We adopted the operating principle that the delivery system be tailored to provide, within the limitations of available resources, a personalized service based upon individual need.

One thing quickly became evident—that we could carry out our mission only to the extent we were able to lead, and other elements in the community responded, by becoming aware of, and getting involved in the whole array of manpower problems.

Approximately one hundred management and key administrative staff were brought together for a seminar on mobilizing the community to meet manpower needs. A fictional city became "our town." Our management personnel were the leaders of the community. Problems plaguing the city became their problems; differences of opinion, which could have led to stalemate, were their differences; solutions developed were their solutions: failures to solve problems were their failures. Our experience clearly demonstrated that our local office managers must be and could be effective in bringing community resources to bear for the resolution of manpower problems.

At about the same time we embarked on an extensive and intensive training program to sharpen the basic management skills of our supervisory personnel at all levels. Over a period of several months we trained all our managerial and supervisory staff in the principles of management.

Our commitment to serve the citizens of Seattle's "inner city" can be demonstrated by our readiness to provide staff to the first year Concentrated Employment Program in that city. We felt that our commitment must be substantial to be meaningful so we reassigned our regular staff to fulfill our part of the contract, without requesting additional federal funds. Although this action was looked upon by our federal partners as an overcommitment, we proceeded with our plans. Later when additional funds were made available, we received replacement resources.

We continue to emphasize the leadership role. Whenever a community organization or group is formed, or initiates action with regard to manpower and employment problems, Employment Security staff are quick to become a part of the action. Most of our local office managers are members of community action agency advisory councils. Some are chairmen of these or similar groups. In one way or another our people are deeply involved at the local scene in designing, initiating and carrying out activities aimed at improving the lot of the residents of their communities.

The City of Seattle is now in its first operational year of a Model Cities contract with the Department of Housing and Urban Development. Long before the contract was awarded, Employment Security people were engaged in the planning activities. We loaned to the Model Cities director specialized technical personnel who became part of his staff to develop the manpower package of the proposal. Our people served with the citizens task force on employment to offer technical assistance as needed and desired to bring the task force to a realization of its goal.

These kinds of activities tie in well with what a comprehensive manpower agency ought to be engaged in. But, the fact that much of the staff time spent in these activities is outside of regular working hours is indicative of the commitment of the agency, the commitment of its resources, and the commitment of its people.

I have described some broad concepts and basic operating principles which guide our agency. This has been done to establish for you the foundation upon which I believe a manpower services delivery system must be based if it is to meet the ever-changing needs of the communities we serve.

But even before we addressed the question of whether and how the system should be altered, we were engaged in a series of programs which began at the start of the last decade and which continue even today as I appear before you. The Washington State Employment Security Department has been anxious to cooperate and to initiate programs in accordance with national policy. In some of these, we have followed the lead of our federal partner; in others, when it seemed appropriate and the resources were available, we have forged ahead, jointly with other agencies when possible, but on our own when necessary.

The Area Redevelopment Act of 1961 and the Manpower Development and Training Act of 1962 provided us for the first time with the tools to make a real impact in developing the employability of individuals. Once we had these resources, we began to provide training to people who lacked the qualifications to compete for existing and anticipated job opportunities. We are proud of our achievements in this field, and I believe our record of meaningful and realistic application of this legislation is unexcelled to this day.

The Manpower Administration requires that 65% of those enrolled in MDTA projects must meet the criteria which define disadvantagement. In our state, about 80% of the MDTA trainees are disadvantaged. The remainder have been others with severe employability problems but who do not fall within the official definition.

In the first seven years of our involvement in MDTA, over 16% of our trainees were members of a minority race, 10% had a mental or physical handicap, almost 44% were youth, and over 62% were the primary wage earner of the family. Of the males, more than one of five was a veteran.

In recent years, the bulk of our institutional MDTA training has been on an individual, rather than a class group, basis. We have found this to be more responsive to the *needs of the individual.* More than that, it enables the individual to participate without being squeezed into a preconceived mold which probably does not adapt to his own uniqueness as a person.

In subsequent years we cooperated in the national effort to establish Youth Opportunity Centers, an Apprenticeship Information Center, and other Youth Employment Service activities. We strengthened our service to special applicant groups such as the physically and mentally handicapped; we provided special services for those young men who were rejected from service in our armed forces; we joined in a training program to assist servicemen who would soon return to civilian life; and we worked with other state agencies to establish programs to provide work experience and training to recipients of public assistance.

We have been able to do this without sacrificing service to other groups to whom we have legal and moral obligations. In calendar year 1969, for example, over 39 per cent of *all* non-farm job placements and nearly 51 per cent of the *male* non-farm placements were veterans. As a result of this record, Washington ranked second in the nation. Each of these programs offered *services* to *people*, and each required the cooperating state agencies to make some adjustments in their system of operation.

But the real test of the ability of an agency to change and to keep pace with the time is the degree to which it *pursues* change; the *speed* with which it adopts new approaches; the *leadership* it expresses by a willingness to initiate untried programs; and, sometimes, to take a rather lonely stand in defense of an idea it believes will work.

By way of example, I would like to describe some of the actions our state has initiated to make manpower services as responsive as possible to the needs of the people. At the outset it should be noted that our efforts as an agency have been greatly enhanced and strengthened through the enlightened leadership of our Governor, Dan Evans. For example, prior to the passage of the 1967 amendments to the Social Security Act, through Governor Evans' personal participation, Washington was well on its way toward a viable employability assistance plan for welfare recipients. A cooperative program evolved effecting coordination of our job placement function with referral and counseling assistance provided by the state welfare agency. A firm foundation for state agencies to work effectively together to attack problems common to both was created.

With this experience as background, the State of Washington was then one of the first to be funded for a federal Work Incentive Program. Because of the success of our earlier cooperative efforts, we were able to apply the WIN program on a statewide basis. We were the first in the nation to go statewide with WIN. We believed this was necessary so individuals who could benefit from the special services provided by the program could be served regardless of their area of residence. Washington stood alone in this regard through most of Fiscal Year 1969. Our northern neighbor, Alaska, joined us late in that year to become the second state to operate the WIN program on a state wide basis.

Our most recent information indicates that the WIN program in Washington has enrolled a total of 4,523 persons, of whom nearly 10% are of minority races and 90% are heads of households. Less than 25% have left the program prior to completion, and most of these were forced to do so by compelling personal reasons. Over half, about 2,300, are still enrolled. One-fourth, more than 1,100, have found employment. WIN has not been in existence long enough to provide definitive data on long range successes. However, the program is designed to provide follow-up supportive services to insure that employment, once obtained, is retained.

Recognizing that funds coming to us from federal sources for the Work Incentive program fell woefully short of meeting the needs of the citizens of Washington State, the Washington State Employment Security Department developed and pushed hard for passage of state legislation to augment the Work Incentive Program so that similar services could be provided to public assistance recipients *not* on Aid to Families with Dependent Children. Governor Evans included this legislation in his executive request package. The 1969 Washington State Legislature voted to expand the WIN program, appropriated the state money to carry it out, and encouraged congress to provide the necessary federal matching funds for this purpose. Congress failed to act favorably in this instance, unfortunately, and the state WIN program has fallen by the wayside.

Another nationally conceived program about which much is heard these days is the computerized Job Bank. When federal funding became available, we made early application for approval to implement a Job Bank in Seattle, our largest city. We have proceeded with this implementation in a timely manner. We are of the opinion, however, that our highly mobile labor force and the needs of industrial and agricultural employers can be better served by a statewide Job Bank system. The Manpower Administration has agreed to entertain a proposal for a state project. Approval of this project will mean that Washington will be the first state to have a statewide Job Bank, and we will be that much closer to the nationwide Computerized Job Matching system anticipated by 1974.

One of the accusations often made of old line agencies is that they are unwilling or reluctant to seek out and employ disadvantaged people. Long before it became the popular thing to do, our department had taken steps to open new opportunities to people who could not have qualified in the past. We opened doors to minority individuals whose background precluded their acceptance for employment in traditional classifications by establishing trainee positions to open career ladders at the para-professional level leading to our journeyman classification. This program of career development design has enabled us to hire a number of minority persons. In a state whose minority population is somewhat less than six percent of the total, over 15 percent of our employees are members of a minority race. In Seattle, where the minority population is approximately 10 percent of the total, nearly 37 percent of our employment service employees are from this population. Additionally, since its earliest inception we have contracted to participate in the New Careers program, providing training and permanent employment with our agency to individuals who had the potential but lacked specific academic, social or job skills required for normal entry into government employment. We have found this to be an exciting and rewarding experience for both the new careerists and the agency. New Careers in this state has expanded and now stretches across the whole spectrum of state and local governmental agencies. We took these steps because it was right and proper to do so; our experience continues to point up the fact that New Careers is valid and beneficial to all concerned.

But in spite of these accomplishments we recognize that the doors have just begun to swing open. There is an urgent need to provide greater, more rapid upward mobility for minority employees who have entered on a very low rung of a career ladder. One of the interesting developments of the Seattle Model Cities Task Force on Employment was a proposal (actually designed by one of our own employees) for technical, organizational and professional intern training. Identified by the appropriate acronym TOP-IT, this plan calls for state agencies to hire residents of the Model Neighborhood at a management internship level. This is an imaginative and unusual approach to equalize the employment of minority people in occupations at technical, managerial or professional levels—an attainment most minority individuals, regardless of talent or ability would likely never reach without some sort of structured opportunity. The Employment Security Department has signed a contract with the Seattle Model Cities Program office to administer TOP-IT and will play a leadership role in the implementation.

We moved early to hire at the professional level, minority group specialists to help us bridge the communications gap between the agency and the minority population we wanted to serve. Human relations training was given to all agency personnel to make them aware of the barriers faced by minority applicants, why and how these barriers developed, and what could be done to remove or overcome them. Emphasis was placed on the fact that society in general and agency personnel specifically must change because of all barriers faced by disadvantaged job seekers, those barriers imposed on them by society and the system are by far the most difficult to overcome.

One of the most recently appointed minority group specialists is a Mexican-American who entered the agency as a New Careerist. This appointment came as we embarked on our second year of experience in an experimental and demonstration project known as the Texas Migrant Program. Washington is one of nine states cooperating with the state of Texas in this project. Migrant families are identified while in Texas and cooperating states are provided with basic information about a specific number of families who are planning to migrate to these states as favorable crop conditions exist. Washington accepts the responsibility of assisting these families on their arrival and during their stay in the state. To carry out this task, we recruited and hired bi-lingual Mexican-Americans who had left the migrant stream. These young men were given special training and literally turned loose in their communities to seek out and assist the migrant families. The enthusiastic and aggressive action by these interviewers has earned the respect of their fellow employees as well as the administrative staff of the agency. More importantly, they have earned the respect and trust of the people they represent and serve so well and of the communities in which they work.

But even before the first of these migrant families arrived, our state recognized that a greater problem exists within our borders on a year around basis. Over the years a substantial number of families have settled out of the migrant stream.

During the agricultural season they are busy, but the off season finds them out of work, living in low quality housing, suffering from poor health and poor nutrition, with little help and less hope. We proposed that we could not serve a limited number of migrant families and ignore such a vast number in often worse circumstances. We asked for and received funding to expand the Texas Migrant Program to serve these settled out migrants. We soon began to discover the real problems being faced by these families. We know that what we have learned from contacts with a comparatively few families reveals only a sample of the human misery which exists among many of the 57,000 spanish-surnamed people in our state. We know that these special projects will not likely be funded again. We also know that what we have started must not be abandoned. Somehow we must make room within our permanent family of employees for staff to continue what is so far just a beginning, for what has been gained must not be lost. Too much is at stake.

Another minority group specialist we have had for a number of years is an American Indian. This position was created to establish a statewide program of service to reservation Indians through other Indian employees we called Community Workers. It was their task to determine the nature of the problems faced by their people on the reservations assigned them. There are 22 Indian reservations in Washington State. While some may be small in size with small populations they oftentimes are located in remote or isolated areas. Others are large, encompassing up to one million, one hundred thousand acres of tribal and allotted land. Although many Indians have left the reservations, others prefer to remain and hold on to tribal custom and tradition. Our community workers attempt to bring together, in the most expedient way possible, the problems and the resources to solve them. More recently we have expanded our community worker concept to assist off reservation Indians.

In one reservation in northwest Washington, the people of the Lummi Tribe decided they wanted to develop their own industry on tribal property. Our Department, working with other agencies and tribal representatives, was instrumental in developing a project which is unique—the only one of its kind anywhere—and which is expected to set an example for others to follow. The project is the Lummi Aquaculture Program. With the guidance and assistance of Western Washington State College, with training and program development and assistance from other local and state agencies, and with federal funding, the project is underway. Indians will receive training in occupations related to traditional Indian activities and utilizing the tribal fisheries and allied resources Many will be able to find work in developing tribal industry, while others may work in similar activities nearby. This project is expected to have an impact in the fisheries industry far beyond the limits of the Limmi Reservation.

In July 1969, the Washington Employment Security Department signed, as prime contractor, with a private consulting firm for the development of a model system of manpower services within the Public Employment Service system. The principal goal of this agreement is to be the development of a delivery system to be tried in five prototype local offices. Two of the areas are in Washington State, one of which is the only non-urban locality in the entire nation.

For several years, as I have stated earlier, the employment security system had been asked to discharge an ever increasing array of responsibilities. In attempting to perform within this arena, we found our programs becoming fragmented, and our resources being thinly dispersed. The opportunity to participate in the development of a model system came at a time when our own efforts were well under way to study and redesign our basic delivery unit, the local office. In fact, an experimental restructuring of our Seattle office had been in effect for over six months when the "Model System" contract was signed. We are hopeful that our participation in the "Model System" contract, coupled with the United States Training and Employment Service plan which brings an additional six prototype offices into the program, will result in a workable approach to meet the growing need to deliver manpower services to communities in a comprehensive manner.

Although much progress is being made to improve the services and delivery systems of all agencies seeking to serve the disadvantaged, much remains to be done. Having completed training or otherwise prepared himself for employment, the individual must have the opportunity to become and remain employed, else past efforts and expense have been of little value. Recognizing that government cannot do the job alone, the Washington Employment Security Department has initiated "Operation Impact" to take a message to the employing community in each local office area. Operation Impact is a short, hard-hitting program which is being co-sponsored by the Association of Washington Business in cooperation with local Chambers of Commerce, community colleges and National

Alliance of Businessmen where available. The program clearly points out to employers that many of the answers rest in the employers' hands. The purpose is to dislodge the hang-ups which prevent affirmative action by confrontation and dialogue between the panel of disadvantaged job seekers on the one hand and the audience of employers on the other. Our experience so far tells us that employers, too, are searching for answers and are willing to listen.

The 1970 session of the Washington State Legislature was a turning point for the Employment Security Department. Long-awaited and often tried-for changes in our Unemployment Insurance Law were finally realized bringing the citizens of our state one of the most modern UI programs in the nation. We are especially pleased to have such a law in 1970, not only because it modernizes our program, but because it provides us an opportunity to carry out studies and experiments in improving services to UI claimants. Our department played an activist role in achieving these improvements.

Other developments are significantly noteworthy. On March 1, 1970, Governor Evans and Mayor Uhlman of Seattle formed the Seattle Joint Manpower Board. Because Seattle is our largest city, with the greatest variety and quantity of manpower problems, it also has the greatest number of programs designed to deal with these problems. The formation of the Joint Manpower Board is an attempt to eliminate confusion, overlapping and wasteful duplication in the provision and delivery of manpower services in Seattle.

The development of a really effective Cooperative Area Manpower Planning System has been an important goal of our department since the system was first established in 1967. While required to maintain a Coordinating Committee at the state level and one each for the Seattle-Everett SMSA, the Tacoma SMSA, and the "Balance of State," the department was responsible for the formation of committees in seventeen additional local areas. This was done to bring CAMPS planning down to the "grass roots" level where the problems exist.

Recently the Employment Security Department and the Office of the Governor initiated a study of the entire system to determine ways in which it could be improved. It was felt that pending manpower legislation could appreciably increase the responsibilities and scope of CAMPS, and the state intended to be prepared for an orderly transition. As a result of this study, Governor Evans issued an Executive Order creating a new State Manpower Coordinating Committee with increased responsibilities and authority for the development, coordination and implementation of a State Comprehensive Manpower Plan.

CAMPS has sometimes been called a stapling function wherein various agencies assemble an anthology of departmental documents and call it a Comprehensive Manpower Plan. This has never been true in Washington State. The Governor's recent action was not designed to correct this but to carry CAMPS from its present level of a system dedicated to the development of coordinated and linked agency plans to the next level of sophistication, the design of a truly unified and comprehensive program delivery system.

There are those who maintain that the "establishment" personified by the federal-state Employment Security system is unable to recognize the needs of the community it serves until forced to do so. Even worse is the charge that we are unwilling to do those things which need doing in order to meet those needs—that we are inclined to "play it safe" and not rock the boat.

These allegations simply are not sustained by the facts. We have seen that the history of the Employment Security system is replete with change—change in emphasis, change in direction, change in philosophy. It is all in the record.

I cannot claim that we have achieved or even approached perfection in the field of manpower services. It is my firm conviction that the Employment Security system is *the logical* and *practical* choice of agencies to pursue that goal: we have the *talent*, we have the *structure*, we have the *experience*, and *we have the commitment.*

Mrs. DALY. I think a little background is necessary with respect to the response of the employment security system. I think the record needs to be very clear that this is a viable system, that throughout history it has responded as national policy has directed.

Certainly by 1960, the public employment service had developed an intricate informational system and was designed to accomplish one principal task, and that was to find qualified workers to meet the requirements of employers.

Actually, the well qualified job seeker had little need for the employment services in my view, and in fact I think made minimal use of it oftentimes.

But this was the thrust; it was national policy and the system responded.

Then beginning with the Manpower Training Act of 1962, and certainly more expressively with the Civil Rights Act and the Economic Opportunity Act of 1964, strident demands for change were reflected in public policy.

Government had in effect admitted that all was not right with the world. The invisible American, the poor American was no longer invisible, and he was no longer mute.

Among the cries of this segment of our population, or I should say more accurately from the cries of those people who purported to represent them, were some very specific accusations that existing agencies of Government had not been responsive to the needs of the poor, and that the existing public agencies could and were not willing to change.

Now I think in all candor perhaps we have to admit to the first, but I certainly stoutly disclaim the second.

The existing public agencies have changed, they can change, and more importantly they are anxious to change, and my purpose here will be to set the record straight. In Washington State we have a population of some 3 million people. We have one of the most diverse social, economic, and geographic structures in the Nation.

We are oftentimes known as the land of contrast, and our State encompasses a land area of 69,000 square miles. We have industrial density, vast timberlands, open spaces, intricate waterway systems, and hydroelectric projects, all tied together by a network of small towns and sparsely settled rural areas. So then as we address ourselves to the manpower problems of this population, living in this diverse environment, we must be responsive to the needs of the individual wherever we find him.

In doing this, the Washington employment security department was one of the first to adopt and implement the philosophy of human resources development.

To do this, we did not establish another category of service. We reorganized and reordered our priorities. It became our objective that those whose need for service was greatest would get our first attention. We adopted the operating principle that the delivery system must be tailored to provide within the limitations of available resources a personalized service based upon the needs of the individual.

As we proceeded, one thing became quickly evident. We could carry out our mission, only to the extent we could lead the community into becoming aware and getting involved in the whole array of manpower problems existing in that community.

To do this we sharpened our own management skills. We have had intense training programs for our own people on how to mobilize community resources and how to utilize our own.

We continue to emphasize the leadership role. Our people are deeply involved in local areas, where the problems are.

They design, initiate and carry out program activities, oftentimes through the contribution of their own time.

In the city of Seattle for example (which was, I believe, the first city to be funded for a model cities contract) long before the contract was actually put into being, our people were participating in the planning activity.

We had technical staff on loan to the model cities people. Not only that, our people were out in the ghettos working with a citizens task force, particularly on employment problems.

Now I think these kinds of activities tie in very well with what a comprehensive agency ought to be, but I think the fact that much of the staff time in these activities is outside regular working hours is indicative of the commitment of our agency and the commitment of its resources and most importantly the commitment of its people.

We have participated very actively and very aggressively with all of the resources that have been provided to us through the actions of this Congress.

The Area Development Act of 1961, and the Manpower Development Act of 1962, provided us, really for the first time, the kind of tools that we needed to make a real impact in developing the employability of individuals.

Once we had these resources, we began to provide for the training of those people who lacked qualifications, and we are proud of our achievements and I think the record will bear out our accomplishments.

In subsequent years, we have strengthened our services to special applicant groups. We participated in the youth opportunity centers and apprenticeship information centers, and many of the others.

I think one thing I would particularly like to express is that we have done this without any lessening of our legal and moral obligations.

For example in the year 1969, over 39 percent of all nonfarm job placements, and nearly 51 percent of the male nonfarm placements were veterans.

As a result of this, Washington, our State, ranks second in the Nation. I do want to stress this to express to the committee that we recognize again the moral and legal obligations to this great group of people.

But the real test of ability of any agency of Government to change and to keep pace with the times is, I think, the degree to which it pursues change, the speed with which it adopts new approaches and the leadership it expresses by willingness to initiate untried programs and sometimes take a lonely stand in defense of an idea.

I would like by way of example to describe some of the actions that our State has initiated on its own. I think I would also like to express, and I think it is important that the committee understand, that our efforts as an agency have been greatly enhanced by and strengthened by and through the enlightened leadership of our own Governor, Dan Evans.

For example, prior to the passage of the social security amendments in 1967, our Governor through his personal participation had developed a very aggressive program of employability assistance for welfare recipients.

A cooperative program evolved, effecting the coordination of our job placement functions with the referral and counseling assistance provided by the State welfare agency.

A firm foundation for State agencies to work effectively together to attack problems of a common need was created. Our State was then one of the first to be funded for the work incentive program, and because of our earlier success, we were able to go statewide with this program. I believe we are still one of the few States that do this on a statewide basis.

WIN in our State has been a success. We have enrolled 4,500 persons, of whom nearly 10 percent are of minority races, and 90 percent are heads of households. Less than 25 percent have left the program prior to completion, and most of the dropout problems were because of compelling personal reasons.

One-fourth, or more than 1,100, have found employment. 2,300 are still enrolled in active participation in the program.

WIN has not been in existence long enough to define definitive data on long-range success. However, the program as we have it in our State, certainly is designed to provide the followup supporting services to even insure that employment, once obtained, is retained.

Another thing that we did in the State of Washington is recognize that Federal funds for work incentive programs fell woefully short of what was needed.

We pursued and achieved State legislation to expand this program. This was introduced at the request of our Governor, and was part of his executive request package.

The 1969 session of our State legislature adopted this legislation, and they appropriated State matching money to expand the WIN program. We were all ready to take advantage of the title V appropriations under the 1968 MDTA amendments. Unfortunately, Congress failed to act favorably, and we have not been able to expand our State program for work incentive.

Now another program that is receiving national attention is the computerized job bank. As soon as funds became available for job bank, we made application, and we are proceeding in a timely manner to implement this innovation in the city of Seattle.

However, we are of the opinion that we can do a better job in our State if we go to a statewide job bank, and the manpower administration has given an indication that they will entertain this kind of a proposal. If we are successful, we will be the first State with a statewide computerized job bank system.

One of the accusations that we often hear is that old line agencies are unwilling or reluctant to seek out and employ disadvantaged people.

Long before it became a popular thing to do, we opened our doors by establishing training position with career ladders that led to journeymen classifications.

In our State the minority population is 6 percent and in my agency over 15 percent of our employees are members of minority races. In Seattle, where the minority population is 10 percent, nearly 37 percent of our employment service employees are minorities.

Since the new careers program became available we have participated in it, and have found it a rewarding experience. We had the opportunity recently to hire a new careerist in one of our professional staff positions. He is a Mexican American.

We took these steps because it was right and proper to do so, but in spite of these accomplishments we feel just a beginning has been made.

There is an urgent need to provide more rapid upward mobility for employees. One of the interesting developments that is going on in our State is a program for technical organizational and professional intern training at the midmanagement level.

This is being sponsored by our Seattle model cities program, and we will be playing a very active role in implementing management internships in State government at all levels.

As I said, we moved early to hire professional level individuals of minority races to bridge the gap between agency and our minority population.

We have three such people, a Negro, an Indian and a Mexican American. They are advisory to our top level staff, and have made a significant contribution. They have had a very positive effect, both upon our people and upon our programs.

We are involved with a national program to restructure our physical delivery system. We are very anxious to make our offices more attractive, more appealing, more encouraging to the people that we must serve.

We are delighted that we have this opportunity, and although much progress is being made to improve the services and the delivery system of the training programs, ~~one of the~~ problems that has been brought out in earlier testimony here is the lack of the job at the end of the line.

We see this. We feel it very keenly, and one of the innovations that we have initiated in the State of Washington is a field program which we call Operation Impact.

Operation Impact brings in the national Alliance of Businessmen. It brings in the statewide Association of Washington Business. It brings in the community colleges system and the local chambers of commerce.

Jointly we are going to the people throughout the whole State with a hard hitting program which sensitizes, energizes, and initiates positive action in behalf of the employing community.

Another item that I would like to call to the attention of the committee is that in 1970, at a special session of our State legislature, through the leadership of our Governor, and with active participation by the employment security system, we were able to secure the passage of a very modern up-to-date unemployment compensation law.

We believe it is probably one of the most modern in the whole Nation. My point in bringing this up is that it does give us an opportunity to initiate and carry out studies and experiments and to improve our services to the UI claimants.

Our maximum benefit will now be $70 a week, and I believe this is probably one of the highest in the Nation.

I think there are other developments that are significant and noteworthy. In March this year our Governor and the mayor of our largest city, Mayor Uhlman of Seattle, jointly signed and formalized an agreement which created a Seattle Joint Manpower Board.

In Seattle we have a proliferation of programs and a variety of agencies competing in the manpower field. The interesting thing about the joint manpower board is that it demonstrates State and city government can work together, to coordinate and erase confusion and duplication in seeing that the money gets down to the neighborhoods where it is needed.

I am proud to report one of my own employees was elected to be the chairman of this joint manpower board. Similarly our Governor has recently created a State manpower coordinating committee.

This strengthens and enlarges the CAMPS system that has been operating.

We feel that we are proceeding with tremendous force and vitality in the State of Washington and I want to stress that we, an agency like ours, or a State like ours, can respond to the needs of its people. I think allegations to the contrary are not sustained by the facts, and I think it is important that the record be set clear.

I believe the truth is in the record, and I hope the committee will avail themselves of the information they have, because it is my firm conviction that the employment security system is the logical and practical choice of agencies to pursue the manpower goals that America is seeking. We have the talent, the structure and the experience, and believe me, gentlemen, we have the commitment.

Thank you very much.

Mr. DANIELS. Thank you, Mrs. Daly. I wanted you to know that during the recent Easter recess of Congress this subcommittee was in the city of Seattle and visited several of your projects there, and we were tremendously impressed.

I am speaking for myself, and I am sure for the other members of the committee when I say we were impressed by the work your State is doing in this area.

Mrs. DALY. Thank you, Mr. Chairman.

Testimony was presented to you in Seattle in behalf of our Governor and I am pleased to report that I participated in the preparation of that testimony.

Mr. DANIELS. You did a very good job.

Mrs. DALY. Thank you.

Mr. DANIELS. Before I recognize the next witness, Mr. Diosegy, I would like to mention that I have a letter from the Governor of the Commonwealth of Pennsylvania, Mr. Raymond P. Shafer, who has asked that his letter be incorporated in the record.

Therefore I move at this time that Governor Shafer's letter be printed in the record so that it will form a part of the record of your testimony.

(The document referred to follows:)

COMMONWEALTH OF PENNSYLVANIA,
Harrisburg, Pa., April 20, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor,
Washington, D.C.

MY DEAR MR. DANIELS: The purpose of this letter is to give you an official Commonwealth of Pennsylvania position on the Manpower Training Act of 1969 (HR 13472).

Mr. William C. Diosegy, Deputy Secretary of Labor and Industry, will appear before your committee on April 22. In his statement he will touch generally on some of the points in this letter. However, the main thrust of his remarks will be to tell how we are accomplishing delivery of manpower services to the various target groups.

We would appreciate it if the more detailed commentary which follows would be considered by your committee along with Mr. Diosegy's statement.

To begin, we would say that we support the concept and stated purposes of the bill, particularly those that propose to give more authority and responsibility to the Governors, to reduce duplication of effort, and to concentrate efforts on individuals and areas where the need is greatest.

We have, however, apprehension about many passages of the bill, because they are written in such general terms, with so many provisions to be administered "according to such regulations as the Secretary may prescribe," or carrying equivalent phraseology. This fact, in itself, is of great concern, because such "regulations" can frequently change what had been the accepted intent of the law.

In addition, throughout the bill there is a need for language that will clarify and strengthen the Governor's role in providing leadership in the development of local plans and in giving him considerable final control over such plans. This could well be of paramount importance when disputes arise between the dominant city in an area and the surrounding autonomous communities.

There are also some specific areas about which the Commonwealth is concerned.

1. The four levels of grants to states provision in the bill is too complicated, too drawn out, and allows for too much federal control and involvement. The "exemplary performance provisions" are particularly objectionable, since no one knows what the standards will be, nor how, when once established, they will be interpreted, and since there appears to be no appeal from a ruling that such exemplary performance has not been achieved.

A simple formula which provides for 20 percent of available funds to be retained by the federal agency for experimental and special projects and the remaining 80 percent to be granted to the states in two stages, depending on the development of its organizational capability, would be reasonable and acceptable.

2. The actual scope of my authority as Governor and the finality of my decisions.

My position in this regard is the same as the one I have taken earlier on similar matters; i.e., that federal program activities should be decentralized to the states wherever and whenever possible, with absolutely minimal controls retained by the federal departments.

The bill, however, seems to indicate a clear-cut intent of the federal government to set overall national priorities, to approve state plans (which means approval of local plans), and to monitor overall performance. Thus, the bill seems to give added responsibility to the state, with no more, and probably less, freedom of action.

3. Greater state costs appear to be involved. At the present time, for federal manpower programs, only 10 percent of the educational component of training costs need be paid by the state, and in Pennsylvania this amounts to less than $500,000 per annum. Under the bill, it would appear that all funds expended under the Act, except grants to the employment security agencies under the Wagner-Peyser and Social Security Acts, would require 10 percent matching, and 5 percent of such funds would require 33⅓ percent matching.

Ten percent matching might be a fair price to pay for a system of full, or reasonably complete, state control, but this does not seem to be the case. The 33⅓ percent matching of a small segment seems to defy understanding.

4. There is a real danger in the provisions that allow the DOL to deal directly with the prime sponsors in large SMSA's, and especially if the four stage grants provision remains in the bill. Patterns of organization and operation may be developed at the local level that cannot expediently be broken or altered once the state has "control."

The USDOL should not deal directly with localities or prime sponsors within an SMSA except on experimental projects. Rather, the Governor, through his comprehensive manpower agency, should have complete and final authority on all matters within the purview of the Act.

5. Direct and implied "threats" are in the bill, that the DOL can establish its own "agencies" within the state upon failure of the state to provide, or satisfactorily perform, required services. While this has been more frequently interpreted as a threat against the state employment services—and this may be correct—it apparently could also be equally applied against any other state-operated or state-assisted program, and possibly even against a successful program of a volunteer agency.

I have been informed that the Interstate Conference of Employment Security executives have held meetings with the Secretary of Labor and his staff, raising questions and offering certain objections. As a result, I understand that the Department of Labor has agreed to offer amendments, as follows:

1. To Sections 102 and 194, so that the local prime sponsor will be bound by the same iron-clad purchase of service provisions imposed upon the comprehensive manpower agency; i.e., "In carrying out programs assisted under this Act, the agency shall be required to the fullest extent possible to utilize those services and facilities not financed under this Act, which are available from Federal, State, and local agencies where available at reasonable cost."
2. To various sections of the bill, to make it clear that the State Manpower Planning Council has no control over the comprehensive manpower agency.

I consider both of these proposed amendments to be constructive toward minimizing some of the questionable provisions.

Also, as a result of the meetings between the Interstate Conference of Employment Security Agencies and the Department of Labor, the ICESA Executive Committee prepared certain specific recommended revisions and authorized a poll of the states on these recommendations. The results of this poll showed an overwhelming majority voting in favor of enactment of MTA if the recommended revisions are made. I understand that a statement on the foregoing will be presented to your committee by ICESA officials. Deputy Secretary Diosegy was authorized to vote "yes" for Pennsylvania on this question.

With the action above, the recommendations of the ICESA also becomes part of the Pennsylvania position on the bill.

Staff members have noted various technical matters in the bill which require further definition, or which would pose some administrative problems. However, these are of secondary importance at the moment, since experience indicates that they can usually be worked out.

There also seems to be a few conflicts with our state laws, such as the low eligibility age of 14 for certain services and the requirement for Workmen's Compensation for trainees. Here, again, we can assume that these can be overcome.

There are certain specific provisions of the bill which we believe to be very desirable. These include the following:

1. A more comprehensive list of training programs and supportive services that would enable us to serve the disadvantaged better.
2. Proposed assistance to employees in job restructuring and redesign.
3. Expansion of the NAB-JOBS concept to nonprofit organizations.
4. Provisions for a 10 percent automatic increase in appropriations when the unemployment rate reaches 4½ percent.
5. Pre-establishment of a program for relocation assistance.
6. Provisions which are designed to make the training allowances more equitable and to establish a training program completion bonus.

I respectfully request that these comments be entered into the record for careful consideration by your committee. I trust that they will be helpful to you in bringing to the floor a bill that will enable us to deliver effectively all needed manpower services.

Sincerey,

RAYMOND P. SHAFER, *Governor*.

Mr. Daniels.
Our next witness is Mr. Diosegy.

STATEMENT OF WILLIAM C. DIOSEGY, EXECUTIVE DIRECTOR, BUREAU OF EMPLOYMENT SECURITY, THE COMMONWEALTH OF PENNSYLVANIA

Mr. DIOSEGY. Mr. Chairman, I have a book here that I presented to the committee. My testimony is in the front part. I would like to talk on it. If you would rather have me summarize—it goes about 14 minutes—I will do so.

Mr. DANIELS. You may proceed as you desire.

Mr. DIOSEGY. Thank you, sir.

I am deputy secretary of the Pennsylvania Department of Labor and Industry. Specifically I am deputy secretary for employment security and in this capacity I have responsibility for virtually every aspect of manpower, employment service, and unemployment insurance operations.

I sincerely appreciate this invitation to meet with you today to discuss H.R. 13472, the Manpower Training Act of 1969. I would like to begin by giving highlights of the Pennsylvania position on this bill.

We in Pennsylvania support the concept and stated purposes of the bill particularly the intent to give more authority and responsibility to the Governors, to reduce duplication of effort, to improve coordination and planning, and to concentrate efforts on individuals and areas where the need is greatest.

We have concern, however, regarding the general terms in which much of the bill is written. Almost every provision to be administered contains the phrase "according to such regulations as the Secretary may prescribe."

With such generality, experience has shown that regulations can frequently change what had been the accepted intent of the law.

We are troubled about the section of the bill which provides four levels of grants, particularly the exemplary performance provisions. Here again we do not know what the standards will be nor how, once established, they will be interpreted.

Also there appears to be no appeal from a ruling that exemplary performance has not been achieved. A formula that provides for 20 percent of available funds to be retained by the Manpower Administration for experimental and special projects and the remaining 80 percent to be granted to the States in two stages related to the development of its organizational capacity would be practical and acceptable.

Pennsylvania like most States has its budget problems and greater State costs appear to be involved. At the present time for Federal manpower training programs only 10 percent of the educational component of training costs need to be paid by the State and in Pennsylvania this amounts to less than $500,000 per annum.

Under the bill it would appear that all funds, except grants to the employment security agency under the Wagner-Peyser and Social Security Acts, would require 10 percent matching and 5 percent of such funds would require 33⅓ percent matching.

We are apprehensive about the provision that allows the Secretary of Labor to deal directly with the prime sponsors in large SMSA's. We believe the Governor through his comprehensive manpower agency, should have complete and final authority on all matters within the purview of the act.

Actually the major point I want to make is that accomplishment of the bill's objectives would be more certain if the language of the bill would clarify and strengthen the Governor's role in providing leadership in the development of local plans and give the Governor sufficient control over such plans.

Now to the positive side. We strongly favor the following features of the proposed Manpower and Training Act because they will be of great assistance to the Employment Service in delivering manpower services:

1. The comprehensive list of training programs and supportive services that would enable us to serve the disadvantaged.

2. The proposed assistance to employers in job restructuring and design.

3. The expansion of the NAB–JOBS concept to nonprofit organizations.

4. The provisions for a 10-percent-automatic increase in appropriations when the unemployment rate reaches 4½ percent.

5. The reestablishment of a program for relocation assistance.

6. The provisions which are designed to make the training allowances more equitable and to establish a training completion bonus.

To complete this part of my remarks, I would say that the proposed Manpower Training Act contains provisions that portend fundamental changes in Federal-State relations, that is basically good, and that I hope you will supply us with legislation that will give us both an opportunity and a challenge to improve our performance in delivering manpower services.

At this point it would be timely for me to recognize that there has been considerable sentiment expressed in favor of including "Public Service Employment" provisions, as proposed by your esteemed colleague, Mr. O'Hara, in his bill, in whatever manpower legislation is eventually enacted.

I would like to say that I do not believe that you expect me to give you either a personal or an official State position on such provisions.

However, I can, without reservation assure you that if it is the will of the Congress to provide any program whereby the Government will be an employer of last resort, the Pennsylvania Department of Labor and Industry and Bureau of Employment Security will, willingly and effectively, carry out any role assigned to them under such program.

I now turn to an area which must be causing you great concern. From what I have read and heard, a considerable body of testimony has so far opposed the presumption or designation of the employment security agencies as the primary delivery system for manpower services under the proposed legislation.

It is not my intent to contradict any particular adverse testimony or to rebut any specific charge leveled against our services.

Instead I would like to talk for a while about what we are going to do in Pennsylvania and the direction we are taking in delivering manpower services, especially to the disadvantaged.

I will briefly cover only a few of the major programs to show that in our State we have taken very seriously our mandate to redirect our efforts.

However, in the document I leave with you the colored pages contain a more detailed description of our efforts and results in these and other programs.

In the minds of many there is a correlation between the ability of employment security agencies to serve the disadvantaged and the number of persons from minority groups employed by such agencies. I will grant that there is validity in such thinking, but of course it is not the full answer to gearing an agency to serve the target group.

In addition, we must be sure that all our employees white and black fully understand the magnitude and depth of the problem, and to have them relate to the disadvantaged people as they serve them.

Also subprofessionals, such as our human services aides, must be used to bridge the gap between the ghetto and our agency.

Nevertheless I want to give you some straight facts regarding minority employment in our Pennsylvania agency, and how we are progressing in that direction.

In our report to the Manpower Administrator on January 30, 1970, we showed a total of 4,161 regular employees of which 529 or 12.7 percent were from minority groups preponderantly black.

Two hundred and twenty-three of these were in clerical occupations and 68 were custodial and service workers. On the other hand 166 were working in a professional or technical capacity and 24 were managers or in executive positions, and 48 were presently in auxiliary or aide classifications.

While this does not represent an ideal statewide record, either in total number or in occupational distribution I believe it is one that we can take pride in. In Philadelphia and Pittsburgh where there is a concentration of minority residents our percentage of employees from those groups is 26.4 and 22.9 respectively.

1969 was not a big year for us in new hires, and many of our vacancies occurred in geographic areas where the minority population is extremely small. Nevertheless 45 members of minority groups were added, representing 12.1 percent of all acquisitions.

This included for the first time an appointment of a minority person from the outside to an executive class position. New hires this year, so far concentrated in metropolitan areas, include 29 percent of minority groups.

Where we have taken great strides is in upgrading. In 1968 13.1 percent of the promotions were from minority groups. In 1969 with fewer total actions, 20 percent were from minorities, including such key positions as assistant district manager for Philadelphia and field supervisor for the metropolitan areas.

So far this year, our percentage is 19.3, but 23.3 percent in the important executive, managerial, professional and technical positions.

We are continuing to de everything in our power to improve our record.

We have taken many administrative and organizational actions to divorce our agency from such concepts as "one office in the core city," and "labor exchange." For example Pittsburgh on April 1, began operating as one of the 10 cities in the Nation using the conceptual model developed by the Manpower Administration.

Mr. Chairman, Pittsburgh is the area where we will put our offices in the three ghetto areas to provide all services.

On the same date Pittsburgh also became the sixth city to participate in another pilot program, generally referred to as employability services to claimants.

With minimal recordkeeping and formality the between job claimant is given significant job information and guidance to help him supplement our efforts with his own in finding a job for the marketable skill he possesses. This program and the conceptual model effort are complementary and closely coordinated.

We have job banks operating in two cities. In Pittsburgh since November and in Philadelphia since April 1. Plans have been completed, and approval of the Manpower Administration is pending, for a central Pennsylvania job bank to serve seven cities in an approximate 75-mile radius.

Mr. DANIELS. What kind of a program is this? Would you be kind enough to describe it?

Mr. DIOSEGY. Which one was that?

Mr. DANIELS. Employability services to claimants.

Mr. DIOSEGY. This is designed for the U.I. claimant, temporarily unemployed, who desires employment. We are providing them with access to a job bank book. We not only try to get him a job, but we show him where to go, and he has the job bank book for reference.

This is the beauty of the job bank book, Mr. Chairman. What it does, it allays one criticism of the employment services.

We are always accused of keeping the good jobs for ourselves. What this does is list all jobs. Seventy-five of the job bank books go out in Pittsburgh to all the community action agencies and even, sir; to the private employment agencies.

Our own stated practice is that if they, the private employment agencies, send people, they cannot charge the claimants for rendering a service.

Mr. DANIELS. Thank you.

Mr. DIOSEGY. To us Outreach is an established viable program. In Philadelphia where we were one of the pioneers we have 16 Outreach stations and 425 community and other organizations as satellite stations, one of the most comprehensive Outreach systems in the Nation.

Pittsburgh has an Outreach System geared especially to the innovative programs mentioned earlier. Almost every city office in the State and some of the offices in smaller nonurban areas operate one or more Outreach stations.

We are going out to the public that needs us most.

Pennsylvania had no legal barriers to participation in the WIN program. We were able to begin on November 1, 1968, in 14 of the 67 counties, with an allocation of 5,600 training lots.

We have now expanded to 24 counties in which 87.5 percent of all AFDC clients reside. In fiscal year 1971 we expect to cover all 67 counties with 8,000 training slots.

So far 8,800 AFDC clients have participated with 1,800 becoming gainfully employed at an average rate of $2.17 per hour. A total of 762 persons have been removed from the AFDC rolls through the WIN program and 379 have had their allotments reduced. Savings in the original 14 counties have been expected to surpass $4 million by the end of this year.

The NAB-JOBS program was launched in the Philadelphia and Pittsburgh SMSA's in March 1968 and was expanded in June 1969 to include eight other strategic areas.

Up to the present time our BES efforts have resulted in the placement for 7,000 disadvantaged persons, 55 percent of whom are still on the payroll.

About $1 million of NAB–JOBS training projects are currently in the proposal for or funding phase. We would welcome the extension of the program to the remaining major areas because, despite some problems we can very well use the program in our services to the disadvantaged groups.

I am pleased to tell you that Pennsylvania is a front runner in the installation of ESARS the Employment Security Automated Reporting System. I mention this to you because we in Pennsylvania long ago recognized that in the ESARS system there were management information services the likes of which we never hoped for, and for that reason we accelerated our installation.

MDTA is the oldest and one of the most successful of the modern manpower programs designed to reduce joblessness and to alleviate skill shortages.

Since 1966 the program has been focused more specifically to the disadvantaged. In Pennsylvania we are particularly proud of the MDTA program, not only because of the statistical results but also because of its clean and efficient operation and the practical and effective way it has served our citizens.

We have provided training in more than 100 different occupations with skill centers operating year around, open end programs in Philadelphia and Pittsburgh.

Since 1962 we have enrolled more than 67,000 persons in MDTA. Almost 49,000 have completed their courses and 42,000 have been placed in jobs after training.

About 4,000 are currently being trained. Of the first 61,000 trainees, 35.3 percent were from minority groups and 46.2 percent were school dropouts.

These and additional statistics in the colored pages show I believe conclusively that we are reaching the target group with the MDTA program.

I would like to highlight other activities, but my time is running short. Therefore I trust you will carefully review the appended material.

Mr. DANIELS. Your printed testimony will be incorporated into the record, and the yellow pages of your statement will be filed in the subcommittee's files.

Is there any objection?

Hearing none, it is so ordered.

(The documents referred to follow:)

STATEMENT OF WILLIAM C. DIOSEGY, DEPUTY SECRETARY, PENNSYLVANIA DEPARTMENT OF LABOR AND INDUSTRY

Mr. Chairman, members, name is William C. Diosegy, and I am Deputy Secretary of the Pennsylvania Department of Labor and Industry. Specifically, I am Deputy Secretary for Employment Security, and in this capacity, I have responsibility for virtually every aspect of manpower, employment services, and unemployment insurance operations.

I sincerely appreciate this invitation to meet with you today to discuss H.R. 13472, the Manpower Training Act of 1969. I would like to begin by giving highlights of the Pennsylvania position on the bill.

We in Pennsylvania support the concept and stated purposes of the bill, particularly the intent to give more authority and responsibility to the Governors, to reduce duplication of effort, to improve coordination and planning, and to concentrate efforts in individuals and areas where the need is greatest.

We have concern, however, regarding the general terms in which much of the bill is written. Almost every provision to be administered contains the phrase "according to such regulations as the Secretary may prescribe." With such generality, experience has shown that "regulations" can frequently change what had been the accepted intent of the law.

We are troubled about the section of the bill which provides four levels of grants, particularly the "exemplary performance provisions." Here, again, we do not know what the standards will be, nor how, when once established, they will be interpreted. Also, there appears to be no appeal from a ruling that exemplary performance has not been achieved. A formula that provides for 20 percent of available funds to be retained by the Manpower Administration for experimental and special projects and the remaining 80 percent to be granted to the states in two stages related to the development of its organizational capability, would be practical and acceptable.

Pennsylvania, like most states, has its budget problems, and greater state costs appear to be involved. At the present time, for federal manpower training programs, only 10 percent of the educational component of training costs need be paid by the state, and in Pennsylvania this amounts to less than $500,000 per annum. Under the bill, it would appear that all funds, except grants to the employment security agency under the Wagner-Peyser and Social Security Acts, would require 10 percent matching and 5 percent of such funds would require 33⅓ percent matching.

We are apprehensive above the provision that allows the Secretary of Labor to deal directly with the prime sponsors in large SMSA's. We believe the Governor, through his comprehensive manpower agency, should have complete and final authority on all matters within the purview of the Act.

Actually, the major point I want to make is that accomplishment of the bill's objectives would be more certain if the language of the bill would clarify and strengthen the Governor's role in providing leadership in the development of local plans and give the Governor sufficient control over such plans.

To supplement the foregoing statements, I refer to the ICESA testimony that is before you. I am active in that organization, being a member of the Executive Committee and the Urban Affairs Committee. I have participated in most of the meetings when the MTA was discussed. Pennsylvania was with the majority in voting "yes" on MTA if the revisions recommended by ICESA were included. These recommendations are in consonance with the official Commonwealth of Pennsylvania position, with respect to which I have summarized a few points.

Now to the positive side. We strongly favor the following features of the proposed Manpower and Training Act because they will be of great assistance to the Employment Service in delivering manpower services:

1. The comprehensive list of training programs and supportive services that would enable us to serve the disadvantaged.
2. The proposed assistance to employers in job restructuring and design.
3. The expansion of the NAB–JOBS concept to nonprofit organizations.
4. The provisions for a 10 percent automatic increase in appropriations when the unemployment rate reaches 4½ percent.
5. The re-establishment of a program for relocation assistance.
6. The provisions which are designed to make the training allowances more equitable and to establish a training completion bonus.

To complete this part of the remarks, I would say that the proposed Manpower Training Act contains provisions that portend fundamental changes in federal-state relations, that it is basically good, and that I hope you will supply us with legislation which will give us both an opportunity and a challenge to improve our performance in deliverying manpower services.

At this point, it would be timely for me to recognize that there has been considerable sentiment expressed in favor of including "Public Service Employment" provisions, as proposed by your esteemed colleague, Mr. O'Hara, in his bill, in whatever manpower legislation is eventually enacted. I do not believe that you expect me to give you either a personal or an official state position on such provisions. However, I can, without reservation, assure you that if it is the will of the Congress to provide any program whereby the government will be an employer of last resort, the Pennsylvania Department of Labor and Industry and Bureau of Employment Security will, willingly and effectively, carry out any role assigned to them under such program.

I now turn to an area which must be causing you great concern. From what I have read and heard, a considerable body of testimony has so far opposed the presumption, or designation, of the employment security agencies as the primary delivery system for manpower services under the proposed legislation. It is not my intent to contradict any particular adverse testimony or to rebut any specific charge leveled against our services.

Instead, I would like to talk for a while about what we are doing in Pennsylvania and the direction we are taking in delivering manpower services, especially to the disadvantaged. I will briefly cover only a few of the major programs to show that in our state we have taken very seriously our mandate to redirect our efforts. However, in the document I leave with you the colored pages contain a more detailed description of our efforts and results in these and other programs. You may examine this document at your convenience.

In the minds of many, there is a correlation between the ability of employment security agencies to serve the disadvantaged and the number of persons from minority groups employed by such agencies. I will grant that there is validity in such thinking, but of course it is not the full answer to gearing an agency to serve the target group. In addition, we must be sure that all our employees, white and black, fully understand the magnitude and depth of the problem, and to have them relate to the disadvantaged people as they serve them. Also, subprofessionals, such as our Human Services Aides, must be used to bridge the gap between the "ghetto" and our agency. Nevertheless, I want to give you some straight facts regarding minority employment in our Pennsylvania agency, and how we are progressing in that direction.

In our report to the Manpower Administrator on January 30, 1970, we showed a total of 4,161 regular employes, of which 529, or 12.7 percent, were from minority groups, preponderately black. Two hundred twenty-three of these were in clerical occupations and 68 were custodial and service workers. On the other hand, 166 were working in a professional or technical capacity, 24 were managers or in executive positions, and 48 were in auxiliary or aide classifications. While this does not represent an ideal statewide record, either in total number or in occupational distribution, I believe it is one that we can take pride in, at least as indicating real progress. However, in Philadelphia and Pittsburgh where there is a concentration of minority residents, our percentage of employes from those groups is 26.4 and 22.9, respectively.

1969 was not a big year for us in new hires, and many of our vacancies occurred in geographic areas where the minority group population is extremely small; nevertheless, 45 members of minority groups were added, representing 12.1 percent of all acquisitions. This included, for the first time, an appointment of a minority person from the "outside" to an executive class position. New hires this year, so far concentrated in metropolitan areas, include 29 percent from minority groups.

Where we have taken great strides is in upgrading. In 1968, 13.1 percent of the promotions were from minority groups. In 1969, with fewer total actions, 20 percent were from minorities, including such key positions as Assistant District Manager for Philadelphia and Field Supervisor for the metropolitan areas. So far this year, our percentage is 19.3, but 23.3 percent in the important executive, managerial, professional, and technical positions. Among these was the promotion of a black career employee to the position of Manager of the Pittsburgh District.

We are continuing to do everything in our power to further improve our record. However, I must remind you that, like all other state ES agencies, we cannot unilaterally take any action to change personnel standards or procedures. Every step must be worked out—often laboriously—with the state Civil Service and Job Classification agencies.

We have taken many administrative and organizational actions to divorce our agency from such concepts as "one office in the core city" and "labor exchange." For example, Pittsburgh, on April 1, began operating as one of the 10 cities in the nation using the Conceptual Model developed by the Manpower Administration.

Mr. Chairman, Pittsburgh is the area where we will put our offices in the 3 ghetto areas to provide all services.

As you are aware, this allows an office to serve, with minimal expenditure of staff time, the job-ready applicant for whom a new job is readily available. This, in turn, permits additional service to be given to those qualified applicants who need some job-finding assistance, with the main thrust of our efforts directed to those who need in-depth assistance.

On the same date, Pittsburgh also became the sixth city to participate in another pilot program, generally referred to as Employability Services to Claimants. With minimal record-keeping and formality, the "between-job" claimant is given significant job information and guidance to help him supplement our efforts with his own in finding a job for the marketable skill he possesses. This program and the conceptual model effort are complementary and closely coordinated.

We have Job Banks operating in two cities: in Pittsburgh since November and in Philadelphia since April 1. Plans have been completed, and approval of the Manpower Administration is pending, for a central Pennsylvania Job Bank to serve seven cities in an approximate 75 mile radius.

Mr. Daniels. What kind of a program is this? Would you be kind enough to describe it?

Mr. Diosegy. Which one was that?

Mr. Daniels. Employability.

Mr. Diosegy. This is designed for the U.I. claimant, temporarily unemployed, who desires employment. We are providing them with access to a Job Bank Book. We not only try to get him a job, but we show him where to go, and he has the Job Bank Book for reference.

This is the beauty of the Job Bank, Mr. Chairman. What it does, it allays one criticism of the employment services.

We are always accused of keeping the good jobs for ourselves. What this does is list all jobs. Seventy-five of the Job Bank Books go out in Pittsburgh to all the community action agencies and even, sir, to the private employment agencies.

Our own stated practice is that if they, the private employment agencies, send people, they cannot charge the claimants for rendering a service.

Mr. Daniels. Thank you.

Mr. Diosegy. From there we will move to establish similar operations in Northeast and Northwest Pennsylvania. As you know, a Job Bank operates to expose all openings to applicants in the entire community and to expedite referral of disadvantaged to jobs and training opportunities.

To us, Outreach is an established, viable program. In Philadelphia, where we were one of the pioneers, we have 16 Outreach stations and 425 community and other organizations as satellite stations, one of the most comprehensive Outreach systems in the nation. Pittsburgh has an Outreach system geared especially to the innovative programs mentioned earlier. Almost every city office in the State and some of the offices in smaller nonurban areas operate one or more Outreach stations. We are "going out" to the public that needs us most.

Pennsylvania had no legal barriers to participation in the WIN Program. We were able to begin on November 1, 1968, in 14 of the 67 counties, with an allocation of 5,600 training slots. We have now expanded to 24 counties, in which 87.5 percent of all AFDC clients reside. In Fiscal Year 1971, we expect to cover all 67 counties with 8,000 training slots. So far, 8,800 AFDC clients have participated, with 1,800 becoming gainfully employed at an average rate of $2.17 per hour. A total of 762 persons have been removed from the AFDC rolls through the WIN Program and 379 have had their allotments reduced. Savings in the original 14 counties are expected to surpass $4 million by the end of this year.

The NAB–JOBS Program was launched in the Philadelphia and Pittsburgh SMSA's in March 1969, and was expanded in June 1969 to include eight other strategic areas. Up to the present time, our BES efforts have resulted in the placement of 7,000 disadvantaged persons, 55 percent of whom are still on the payroll. About $1 million of NAB–JOBS training projects are currently in the proposal or funding phase. We would welcome the extension of the program to the remaining major areas, because, despite some problems, we can very well use the program in our services to the disadvantaged groups.

I am pleased to tell you that Pennsylvania is a front-runner in the installation of ESARS, the Employment Security Automated Reporting System. Now we all know that ESARS is just that—a reporting system—and by itself does not provide any services. However, I mentioned this because we in Pennsylvania long ago recognized that in the ESARS system there were management information services, the like of which we never had and barely hoped for, and for that reason, we accelerated our installation.

MDTA is the oldest and one of the most successful of the modern manpower programs designed to reduce joblessness and to alleviate skill shortages. Since 1966, the program has been focused more specifically to the disadvantaged. In Pennsylvania, we are particularly proud of the MDTA Program, not only because of the statistical results, but also because of its clean and efficient operation and the practical and effective way it has served our citizens.

We have provided training in more than 100 different occupations, with skill centers operating year-round, open-end programs in Philadelphia and Pittsburgh.

Since 1962, we have enrolled more than 67,000 persons in MDTA. Almost 49,000 have completed their courses and 42,000 have been placed in jobs after training. About 4,000 are currently being trained. Of the first 61,000 trainees, 35.3 percent were from minority groups and 46.2 percent were school dropouts. These and additional statistics in the colored pages show, I believe conclusively, that we are reaching the target group with the MDTA Program.

I would like to highlight other activities, but my time is running short. Therefore, I trust that you will carefully review the appended material.

Very frankly, in all I have said and included in the material I leave with you, I have attempted, with all possible objectivity, to convince you that the Bureau of Employment Security in Pennsylvania has made a considerable impact on the employment problems in our state. Just as surely, I am saying that we can continue to do so, and under reasonable and practical legislative mandate, we can fully and effectively perform as the primary delivery system for manpower services.

We in the employment security agencies have the organization, the personnel, and the expertise. We have become sophisticated, but at the same time responsive to the times. We have reorganized and redirected our efforts, and will do so again whenever the need is indicated. We have improved our image, and sincerely believe that we have acceptance far beyond what some would indicate.

At the risk of seeming presumptuous, I suggest that you do not relegate the Employment Service to a subordinate role, but, rather, that you use us as the foundation on which to build an effective delivery system under MDTA.

Thank you again for the privilege of appearing. I am available for questions if that is your desire.

Mr. ESHLEMAN. Mr. Chairman, if I may, Mr. Diosegy, is not only from my home State, he is also from my hometown, and I am sorry I was late, but it is a pleasure to welcome you here this morning.

Mr. DIOSEGY. Thank you, Mr. Eshleman.

Mr. DANIELS. While you are at the microphone, would you like to interrogate any of the members of the panel?

Mr. ESHLEMAN. I have no questions.

Mr. DANIELS. Mr. Steiger.

Mr. STEIGER. In the statement on behalf of the interstate conference, you indicate that a majority of the State employment security agencies join in the support of the bill.

Would you clarify that statement?

Mr. DIOSEGY. I think Mr. Vavoulis was going to cover that, Mr. Steiger, but what happened, is the ICESA took a poll of all the States, and this was the result and we have a copy of the poll, sir.

Mr. STEIGER. What I want to know is what is the meaning of the statement that a majority of the employment security administrators joined in the statement.

Mr. VAVOULIS. On January 22 the State agencies were polled to determine their position on the proposed Manpower Training Act as introduced in the Congress and two, with appropriate amendments to carry out the ICESA recommendations 4, 5, 6 and 7. We had a meeting of all the State administrators in Kansas City, Mo., October 28 and 29, to study and discuss the bill and get the viewpoints of the State administrators. After this meeting was concluded, in order to develop a position paper on the bill in behalf of the interstate conference, we polled the States, and the result of the vote was expressed here.

Mr. STEIGER. As I understand the results you are saying that the administration bill as originally introduced is not acceptable except to a small number of States, and that with amendments as proposed by the interstate conference it would be more acceptable.

Mr. VAVOULIS. That is correct.

The conference supports the bill in principle but specifically would like to see the amendments as recommended by the administrators incorporated.

Mr. STEIGER. Mrs. Daly, with regard to the creation of the CAMPS structure at the State level in Washington, which you mentioned in your statement and which the Governor's office studied and discussed, I am a little unclear with respect to that action in Washington on what steps had been taken in Iowa or other States, and what the reason is that a manpower planning agency ought not to be created at the State level.

As I understand the conference's position you are in essence saying that you want the State employment agency to have the authority, and you are not terribly willing to have that authority presently given to you under Wagner-Peyser be subject to the control of the State manpower planning organization.

Mrs. DALY. I would say, Mr. Steiger, that the Governor's action is preliminary to establishing by statute the manpower agency.

It was an interim step in order to give CAMPS significantly more recognition, give it the power of the Governor's office. For the first time, the Governor has taken over the chairmanship of this.

This has our full endorsement and participation as an agency.

Mr. STEIGER. Is Wagner-Peyser covered by that agreement?

Mrs. DALY. Yes; it will be.

Mr. STEIGER. Then you are willing to have the activities financed by Wagner-Peyser be subject to a State manpower planning agency.

Mrs. DALY. Yes. As far as we are concerned, in the last regular session of the legislature, the Governor introduced a bill to create a manpower agency.

Mr. STEIGER. This was agreed to.

Mrs. DALY. Yes.

He is searching for a planning body which would bring not only the manpower activities, but also the supportive services in. We see, actually, no problem in this. I feel that the employment security department in our State will be the core agency.

We are an operating agency, and feel that on a planning basis we have to be coordinated with the vast array of supporting services and other agencies.

Mr. STEIGER. I appreciate your clarification.

Let me ask the chairman why you go in that direction. If you are going to have a State manpower agency, why ought not those funds available under Wagner-Peyser be included as eligible funds for utilization by the State manpower agency?

Mr. VAVOULIS. I don't think we object to the funds—we want the funds to be used in that manner. I think there is an additional point that ought to be clarified. We are talking about a planning group and an operating group, and the position of the interstate conference is that we are the manpower agency.

Mr. STEIGER. For planning, or operations?

Mr. VAVOULIS. For operations.

Mr. STEIGER. In other words, you think the law ought to provide that the employment security agency should be the one to carry out the manpower services?

Mr. VAVOULIS. Yes.

Mr. STEIGER. That would cause some real problems, because then we should provide that the community action agency should deliver those services at the local level.

Would that be acceptable to you?

Mr. Vavoulis. Mr. Chairman, if I could, and I would like to answer your question by presenting testimony in behalf of the State of Minnesota. Could I do that, take about 6 or 7 minutes?

Mr. Steiger. I want to pursue just a couple of more points, because unfortunately I have to go, but go ahead and comment on whether or not we ought to provide in the law that the community action agency be the deliverer of the manpower services at the local area.

Mr. Vavoulis. I think what you have to do is take a look at the record in the past 2 or 3 years in terms of performance, in terms of the record, and see what has happened in the delivery of manpower services both by the employment security agencies and the community action agencies that you referred to.

I think I approach this responsibility from a point of view that we recognize that many agencies have contributed toward the solving of the unemployment problem.

On the other hand, you must recognize that because of the action of Congress, as well as the Department of Labor in the last 3 or 4 years that I have been associated with the program, that we have over 10,000 program sponsors and this bill would then bring these programs under one umbrella agency. I just feel that the efficiency and the delivery of these programs and what it would mean to the recipient would be better handled through the employment security agency.

Mr. Steiger. But you see, my problem is that you want to be in the position of not having to make that judgment by the Congress. You are coming here asking us to make that judgment, that you ought to do it.

Mr. Vavoulis. What we are saying to you is, here is the record of the employment security agency, and we are asking you to evaluate that in terms of the Nation's need. Here is an agency that has 63,000 people, and I am talking about human resources now, and has 2,000 local offices, and has been in business since 1937 or 1938 and we have withstood the test through the years, and now face the criticism and the lack of adequate laws and tools and funding.

We have developed an expertise that you can't just set aside.

Mr. Steiger. No one is asking you to set that aside, but why are you asking us to make that judgment if in fact the concept is (*a*) one of a decategorization with which I assume you agree, and (*b*) decentralization, which your statement states you support, and then the choice is up to those at the State level as to how or who ought to be the deliverer of manpower services.

Are you really suggesting that we say the employment security administration is the deliverer, or are you willing to allow a reasonable test of performance and be willing to stand on your performance in having that decision made by those not in the Congress, but by those at the State level?

Mr. Diosegy. In Pennsylvania, we could take the test. I think our Governor would appoint us as the vehicle to deliver the manpower service, and if you don't specifically write it out, I think it is based upon your actions and what you have done.

In Pennsylvania we are a little different. We have what is almost then called the State manpower. We have the Governor's task force coordinated with the CAMPS.

This has caused a lot of concern, the question you raise, but in terms of in Pennsylvania we have no concern. Other areas may.

Mr. Steiger. Mrs. Daly, do you disagree with this?

Mrs. Daly. I feel we are willing to take our chances. The testimony that I brought to you gentlemen this morning, I hope, will demonstrate that we have a very favorable record.

I think we have a very admirable reputation. I would just repeat that I personally support the development of a comprehensive agency in the State of Washington. I feel that we will be a vital part of this, but I feel that there needs to be executive reorganization and bringing together the programing that deals with common problems.

There would be no problem insofar as I am concerned that our Governor, looking at the manpower legislation, would immediately turn to us, but hopefully to a more expanded manpower agency.

Mr. Steiger. Are you a Federal agency or State?

Mrs. Daly. We are a Federal-State. Our Governor views us strongly as being a State agency.

Mr. Steiger. How does the conference define the role of the employment service?

Mr. Vavoulis. In speaking as the president of the interstate conference we are in hopes that Congress will assume the responsibility of designating us as the manpower agency on the State level.

Mr. Daniels. Is that the opinion of the Interstate Conference of Employment Security Agencies?

Mr. Vavoulis. Yes.

Mr. Daniels. Was that unanimous?

In other words, did it represent the viewpoint of the entire 50 States and the other area territories?

Mr. Vavoulis. Yes, it does.

Mr. Daniels. No dissenting opinion?

Mr. Vavolulis. No dissenting opinion.

Mr. Steiger. What are you in Minnesota, a Federal agency or a State agency?

Mr. Vavoulis. Well, we are federally funded. We think of ourselves as a State agency. We come under laws of the State of Minnesota. We also function under the Federal law as well, as they apply to this area.

Mr. Eshleman. In how many States is the State employment service now a State agency?

Mr. Steiger. In every State.

Mr. Vavoulis. In every State they operate the same.

Mr. Eshleman. Then what is the purpose in Congress designating you in this area?

Mr. Vavoulis. You have approximately 10,000 manpower program sponsors now, HEW has it, OEO has it, other agencies have these programs, and we share or work together. These programs are splintered, with no central authority no one positive authortiy to assume the responsibility for the delivery of these programs, and we just feel that from the standpoint of funding, efficiency and service to the people who need help most.

Mr. Eshleman. In other words, you are saying there is duplication and overlapping?

Mr. VAVOULIS. That is correct, and this could be eliminated in this legislation. One of the real causes that has contributed to the failure of many programs is that when Congress writes into law either/or, giving community action agencies the choice. As a result of that, if the language had been positive and said, manpower services will be delivered by the employment security agencies, or will be delivered in this manner, it would eliminate a great confusion and lack of harmony.

Mr. STEIGER. No further questions.

STATEMENT OF GEORGE J. VAVOULIS, CHAIRMAN OF THE PANEL, DIRECTOR, MINNESOTA EMPLOYMENT SECURITY AGENCY, AND PRESIDENT, INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

Mr. VAVOULIS. Mr. Chairman, could I make a brief statement in behalf of the State of Minnesota?

Mr. DANIELS. Surely, you may proceed. I would move that your statement with relation to the Minnesota State Manpower Services be incorporated in the record at this point.

Is there objection?

Hearing none, it is so ordered.

(The statement referred to follows:)

STATEMENT BY GEORGE J. VAVOULIS, COMMISSIONER, MINNESOTA DEPARTMENT OF MANPOWER SERVICES ON H.R. 13472

Mr. Chairman and members of the subcommittee:

I am George Vavoulis, Commissioner of the Minnesota Department of Manpower Services, formerly the Minnesota Department of Employment Security. I am pleased to have an opportunity to meet with you today to express my views on the "Manpower Training Act of 1969". I am also the President of the Interstate Conference of Employment Security Agencies, but wish to make it perfectly clear that the following remarks are in my capacity as Commissioner of the Minnesota agency.

Before outlining my thoughts, however, I must emphasize that I am a relative new-comer as an administrator of a State agency. I recognize that I cannot bring to this discussion a length of personal employment security experience equal to that of some of my colleagues, who have distinguished themselves as career government workers. Nevertheless, I believe my background permits me to make perhaps a unique contribution to a discussion of this legislation. I have spent most of my life as a businessman, and believe I can approach this bill in that capacity. In addition, I served six years as the mayor of Minnesota's capital city, and can speak at first hand of the problems that face our urban centers.

From the outset I want to make clear that as an Administrator, businessman, and former mayor, I strongly support passage of a Comprehensive Manpower Act to coordinate manpower program planning and implementation throughout the United States. Furthermore, I strongly advocate that the responsibility for the individualized development and delivery of these programs be placed in the hands of the states in order to insure their responsiveness to local needs, and in order that they may be administered with a minimum of duplication and unnecessary expense.

As I understand it, this legislation is specifically designed to accomplish this end. I suggest that a reduction in the duplication of efforts related to manpower services, and a corresponding reduction in related expense, are in themselves essential to providing programs responsive to local needs.

The key to the legislation is contained in Section 102, which introduces the concept of a State Comprehensive Manpower Agency. This umbrella agency will have the responsibility to see that manpower services, coordinated and streamlined to meet the needs of the public, are delivered. The performance of this umbrella agency will determine the success of each state's efforts to assist its citizens in overcoming obstacles to their suitable employment. Its responsibility is so crucial that I can see no alternative but that the current federal-state system of employment security agencies be designated as the comprehensive manpower agency at the state level.

I make that recommendation in light of the performance and experience of these agencies throughout their history. This recommendation in no way minimizes the efforts of the many minority groups organizations and other agencies in their efforts to solve these manpower problems.

The Employment Security network has been the principal instrument for the exercise of federal and state influence in the labor force since the creation of the system in the mid-1930's. The great human problems of the Depression, the turmoil in employment that accompanied World War II, the gnawing problems in times of recession, and the employment crises of our sprawling cities—each decade has challenged Employment Security agencies directly to provide leadership in finding solutions to the economic insecurity of people in an evolving labor force. These agencies now bring over 35 years experience to meet the demands of new and more comprehensive active manpower policies. Their expertise is one of the most important resources in providing an integrated complement of services to the public.

Employment Security agencies have developed a network that extends into every corner of the nation. More than 63,000 men and women serve in over 2,000 Employment Security installations in the country, providing assistance to local problems at a local level. With over 78 million persons currently employed in the United States, the vast array of programs in the last decade has grown from a cost of about 10 million to the present level of nearly 2 and a half billion dollars annually. Many of those programs are administered through the efforts of State Employment Security agencies. Yet, I was astounded recently when I learned that contracts for manpower programs are now in force with over 10,000 individual sponsors. Gentlemen, there are now 10,000 individual efforts to cope with this pressing problem—there is no doubt in my mind that this also embraces considerable duplication and in many cases competition for certain applicant groups.

Results of Employment Security efforts are indicated by the simple fact that they have been responsible for placing an average of 6 million persons in *nonagricultural* employment every year for the past twenty years. This perhaps is the single most important factor in making the present network of state agencies the appropriate vehicle for the delivery of manpower programs under the Act. Employment Security agencies have the expertise and the experience to qualify them as the most suitable Comprehensive Manpower Agencies to administer these programs, but above all else, they have demonstrated the capability to deliver in the one activity absolutely essential to the success of this legislation. That activity is placement in employment: without it, basic education, outreach, counseling, testing, work sampling, supportive and relocation assistance, and all other important services outlined in Section 101 will prove to be so many more unmet promises. Every effort in the complement of Manpower Services must have employment as its primary function, and the current network of Employment Security agencies is closest to employment.

It is this kind of system that can react quickly and uniformly in times of need. This Act is an effort to marshal the forces of the Nation in the development of human resources. I suggest that when we speak of human resources we are speaking of the employment security system which is an established nation-wide system of thousands of skilled personnel with an unmeasurable accumulation of training and experience. This is truly human resources.

The experiences of the agency of which I am Commissioner illustrate, I think, the position of similar agencies across the country. I would like to describe some of them briefly, to point up the capacity for effective local action and the experience with program integration shared by agencies in the Employment Security network.

The Minnesota agency was originally a point of labor exchange: its services were limited to the administration of unemployment insurance claims and attempts to find jobs for claimants. In the 1930's the Department affiliated with the United States Employment Service under the Wagner-Peyser Act. Its activities gradually moved from certification of individuals to welfare and relief agencies to providing a placement center for the State. In this respect the Department served more and more effectively, but in reality it functioned as an instrument of employers, motivated in practice if not in design to meet their needs for manpower.

That era has come to an end. More basic than significant changes in programs and services has been the change in philosophy and direction our Department has expressed in the last decade. Where once we put primary emphasis on the needs of the employer, today we place major emphasis on the total set of problems faced by the individual in seeking work. In all our activities we have adopted an approach of Human Resources Development, and as a result, we have learned to listen, to a degree we were previously incapable of, to those who most desperately need our services. We have learned to act, and act effectively and swiftly, on what we hear.

In keeping with this approach, we have decentralized our offices, maintaining a number of local installations in target areas and outfitting three trailer-homes as offices to take our entire battery of services to any area in crisis. One of these is on constant assignment to Indian reservations in Minnesota, providing assistance at the client's, not the agency's convenience.

We have appealed to other agencies, public and private alike, to help us provide quality service to our applicants. Labor has responded with significant efforts in recruiting minority group members to apprenticeable trades. Education has taken on the responsibility of providing basic instruction and vocational training to meet the needs of our applicants. Local governments have responded to the challenges of particular segments of their population by cooperating with us in establishing Concentrated Employment Programs. Private employers have provided tremendous support in on-the-job training programs through individual efforts as well as through the National Alliance of Businessmen. In all our efforts the priority of placement remains firm; if there is not a job at the end of the line of services we provide an applicant, our efforts have been stop-gap and ineffective.

Our long-established cooperation with business, however, has continued to be fruitful. Our reputation as an employer service frequently permits us to act as an effective advocate for placement with an employer who might not otherwise consider a particular applicant.

Let me reiterate that it is abundantly clear that without the excellent cooperation and support of other specialized agencies, we would not enjoy the successes I have described.

We have encountered problems, of course. It is, I think, something of a tribute to this agency network that its failures have signalled efforts at advancement and not its collapse or defeat.

Our first experience in "Outreach" was the establishment of what we call a "Smaller Communities Team," designed to survey the economic needs and manpower supply of rural counties. These teams provide a full array of manpower services. We have to date surveyed 22 of our rural counties, and as a result numerous manufacturing plants have relocated in these areas. The key has been to identify and publicize the manpower and skill inventories of the area.

Minnesota was one of the first Employment Security Agencies in the Nation to initiate a "Neighborhood Worker" program—our second attempt at "outreach". These staff members were indigenous to the neighborhoods in which they worked, and are highly successful in not only identifying those needing our service but also to bring them to the office, accompany them to employment interviews and even to make sure they get to the jobs on time until the employment pattern is set. We have learned it is these personalized services that are necessary to not only secure employment for many of these people but more importantly to keep them on the job.

Both of these programs, while effective, were relatively unsophisticated methods which we have since refined with experience. The Smaller Communities Team has now been combined with the Farm Labor Service to provide a complete Rural Manpower Service to full assist rural areas in the recognition of their economic potential and utilization of human resources. The Neighborhood Worker concept has been expanded to include the establishment of satellite offices in the very communities which are in need of service.

Our problems cannot obscure our accomplishments, accomplishments that have been repeated by other Employment Security agencies in other states. I will attempt to identify some of Minnesota's successes. In the interest of providing you with a comprehensive picture of our operation, I have prepared a more lengthy summary of our activities which you may wish to investigate at your leisure.

In Minnesota, where before we had two offices in the Twin Cities Metropolitan Area, we now have 21; 11 of them in areas officially designated as disadvantaged by OEO. These offices vary from full functioning service to the assignment of one or two staff in a neighborhood center or community housing project. Through these offices, we have placed more than 12,000 minority group members in employment.

We have a program administered in concert with our Department of Welfare, the Work Incentive Program, which brings a team of professionals to work on the problems of each client. As I read it, the MTA incorporates many of WIN's team approach and incentive concepts.

Since the beginning of our Manpower Development and Training Act Program, we have served more than 24,000 enrollees. Forty-seven per cent of these have been heads of households, forty-three per cent had less than a high school education, and over ten per cent have been public assistance recipients. Over 14,000 have completed MDTA training, and of the 10,500 graduates we have individually contacted, ninety-four per cent are in the labor force, ninety-one per cent of them in training-related activities. During the current fiscal year, 64% of the MDT enrollees possessed a poverty level income and 17% were members of minority groups. Minnesota's minority population is approximately 2%.

Minnesota has joined about 7 or 8 other states in establishing a computerized Job Bank, a local version similar to that described in Title IV. Our Job Bank, designed to serve the population of the Twin Cities area, will enable an employer to make his needs known daily to more than 125 job placement specialists in 18 Department installations in a seven-county area. Community agencies with job placement activities also have the opportunity to use our Job Bank facilities.

I would like to suggest that to my knowledge, no other agency offers the range or depth of manpower service capability provided by the Employment Security network. Further, I contend that the current network itself is the logical and appropriate vehicle for the implementation of the Comprehensive Manpower Training Act. My agency can provide services from the initial outreach through follow-up after placement. It can supply quality services to the public across the board and at the same time serve the special needs of special groups, such as welfare recipients, young people, older workers, rural citizens, the handicapped, and members of minority groups. In the middle of this decade, when the number of college graduates will equal the number of individuals with eight years of education or less, the Employment Security system will continue to be the leader among agencies that possess the trained personnel and have the demonstrated expertise to deliver the broad spectrum of manpower services.

We can no longer afford the luxury of petty rivalries for the attention of the government and the public in the area of manpower services. We cannot afford the theoretically fruitful competition of agencies involved in administering manpower programs. Manpower policy has one goal: to help individuals overcome obstacles to their suitable employment and thereby insure the general welfare. That goal demands a unified attack on the problems of employment, a single agency or location to which members of our communities can come and be certain of receiving the whole host of services necessary to get them back into the labor force.

As a businessman, I suggest that it would be unthinkable to bypass the functions of the employment service agencies that have been assembled over the years, and thereby destroy the very resources of expertise that now exists to meet the obligations of this legislation. On the contrary, the reasonable course would be to build on this foundation the best possible manpower service. This may require additional resources, but it will be far less expensive and far more efficient than the continued maintenance of many competitive agencies and programs. Only in this way will the umbrella agency in each state be able to administer a comprehensive program with a minimum of duplication and unnecessary expense, and most importantly, a program entirely responsive to local needs.

I would welcome the opportunity to address myself to any questions you may have on my presentation or on the operation of my Department.

Thank you again for allowing me to appear.

Mr. VAVOULIS. Let me highlight the statement here.

Mr. Chairman and members of the subcommittee, I am George Vavoulis, commissioner of the Minnesota Department of Manpower Services, formerly the Minnesota Department of Employment Security. I am pleased to have an opportunity to meet with you today to express my views on the "Manpower Training Act of 1969."

I am also the president of the interstate conference of employment security agencies, but wish to make it perfectly clear that the following remarks are in my capacity as commissioner of the Minnesota agency.

Before outlining my thoughts, however, I must emphasize that I am a relative newcomer as an administrator of a State agency. I recognize that I cannot bring to this discussion a length of personal employment security experience equal to that of some of my colleagues, who have distinguished themselves as career government workers.

Nevertheless, I believe my background permits me to make perhaps a unique contribution to a discussion of this legislation. I have spent most of my life as a businessman, and I believe I can approach this bill in that capacity. In addition, I served 6 years as the mayor of Minnesota's capital city, and can speak at firsthand of the problems that face our urban centers.

From the outset I want to make it clear that as an administrator, businessman, and former mayor, I strongly support passage of a comprehensive manpower act to coordinate manpower program planning and implementation throughout the United States.

Furthermore, I strongly advocate that the responsibility for the individualized development and delivery of these programs be placed in the hands of the States in order to insure their responsiveness to local needs, and in order that they may be administered with a minimum of duplication and unnecessary expense.

The key to the legislation is contained in section 102, which introduces the concept of a State comprehensive manpower agency. This umbrella agency will have the responsibility to see that manpower services, coordinated and streamlined to meet the needs of the public, are delivered. The performance of this umbrella agency will determine the success of each State's efforts to assist its citizens in overcoming obstacles to their suitable employment. Its responsibility is so crucial that I can see no alternative but that the current Federal-State system of employment security agencies be designated as the comprehensive manpower agency at the State level.

I make that recommendation in light of the performance and experience of these agencies throughout their history. This recommendation in no way minimizes the efforts of the many minority groups organizations and other agencies in their efforts to solve these manpower problems.

The employment security network has been the principal instrument for the exercise of Federal and State influence in the labor force since the creation of the system in the mid-1930's. The great human problems of the depression, the turmoil in employment that accompanied World War II, the gnawing problems in times of recession, and the employment crises of our sprawling cities—each decade has challenged employment security agencies directly to provide leadership in finding solutions to the economic insecurity of people in an evolving labor force. These agencies now bring over 35 years experience to meet the demands of new and more comprehensive active manpower policies. Their expertise is one of the most important resources in providing an integrated complement of services to the public.

Employment security agencies have developed a network that extends into every corner of the Nation. More than 63,000 men and women serve in over 2,000 employment security installations in the country, providing assistance to local problems at a local level. With over 78 million persons currently employed in the United States, the vast array of programs in the last decade has grown from a cost of about $10 million to the present level of nearly $2½ billion annually.

Many of those programs are administered through the efforts of State employment security agencies. Yet, I was astounded recently when I learned that contracts for manpower programs are now in force with over 10,000 individual sponsors.

Gentlemen, there are now 10,000 individual efforts to cope with this pressing problem—there is no doubt in my mind that this also embraces considerable duplication and in many cases competition for certain applicant groups.

The Minnesota agency was originally a point of labor exchange: Its services were limited to the administration of unemployment insurance claims and attempts to find jobs for claimants. In the 1930's the department affiliated with the U.S. Employment Service under the Wagner-Peyser Act. Its activities gradually moved from certification of individuals to welfare and relief agencies to providing a placement center for the State.

In this respect the department served more and more effectively but in reality it functioned as an instrument of employers, motivated in practices if not in design to meet their needs for manpower.

That era has come to an end. And this is the part of the record that minority agencies and minority leaders particularly remember, and we are severally criticized for. We welcome this criticism, because we think it is constructive, and it has made us sensitized to their feelings and to their needs.

However, the record will show that this era has come to an end.

More basic than significant changes in programs and services has been the change in philosophy and direction our department has expressed in the last decade. Where once we put primary emphasis on the needs of the employer, today we place major emphasis on the total set of problems faced by the individual seeking work.

In all our activities we have adopted an approach of human resources development, and as a result, we have learned to listen, to a degree we were previously incapable of, to those who most desperately need our services. We have learned to act, and act effectively and swiftly, on what we hear.

In keeping with this approach, we have decentralized our offices, maintaining a number of local installations in target areas and outfitting three trailer-homes as offices to take our entire battery of services to any area in crisis.

One of these is on constant assignment to Indian reservations in Minnesota, providing assistance at the client's not the agency's convenience.

We have appealed to other agencies, public and private alike, to help us provide quality service to our applicants. Labor has responded with significant efforts in recruiting minority group members to apprenticeable trades. Education has taken on the responsibility of providing basic instruction and vocational training to meet the needs of our applicants.

Local governments have responded to the challenges of particular segments of their population by cooperating with us in establishing concentrated employment programs. Private employers have provided tremendous support in on-the-job training programs through individual efforts as well as through the National Alliance of Businessmen.

In all our efforts the priority of placement remains firm: If there is not a job at the end of the line of services we provide an applicant, our efforts have been stopgap and ineffective.

Our long-established cooperation with business, however, has continued to be fruitful. Our reputation as an employer service frequently permits us to act as an effective advocate for placement with an employer who might not otherwise consider a particular applicant.

I would like to say that because of this employer relations of our agency, we have made the employer and industry very conscious of the needs of minorities and their responsibilities in the field of employment, and in spite of what some may term shortcomings of this work relationship, a great deal of credit has to go to industry for responding to this public need.

Let me reiterate, that it is abundantly clear that without the excellent cooperation and support of other specialized agencies, we would not enjoy the successes I have described.

We have encountered problems, of course. It is, I think, something of a tribute to this agency network that its failures have signaled efforts at advancement and not its collapse or defeat.

Our first experience in "outreach" was the establishment of what we call a smaller communities team designed to survey the economic needs and manpower supply of rural counties. These teams provide a full array of manpower services. We have to date surveyed 22 of our rural counties, and as a result numerous manufacturing plants have relocated in these areas. The key has been to identify and publicize the manpower and skill inventories of the area.

In Minnesota, where before we had two offices in the Twin Cities Metropolitan Area, we now have 21; 11 of them in areas officially designated as disadvantaged by OEO. These offices vary from full functioning service to the assignment of one or two staff in a neighborhood center or community housing project. Through these offices, we have placed more than 12,000 minority group members in employment.

We have a program administered in concert with our department of welfare, the work incentive program, which brings a team of professionals to work on the problems of each client. As I read it, the MTA incorporates many of WIN's team approach and incentive concepts.

Since the beginning of our Manpower Development and Training Act program, we have served more than 24,000 enrollees. Forty-seven percent of these have been heads of households, 43 percent had less than a high school education, and over 10 percent have been public assistance recipients. Over 14,000 have completed MDTA training, and of the 10,500 graduates we have individually contacted, 94 percent are in the labor force, 91 percent of them in training-related activities.

During the current fiscal year, 64 percent of the MDTA enrollees possessed a poverty level income and 17 percent were members of minority groups. Minnesota's minority population is approximately 2 percent.

Minnesota has joined about seven or eight other States in establishing a computerized job bank, a local version similar to that described in title I, to which Mr. Diosegy referred, and we have placed our services in minority offices such as the urban league and OIC, and we are working with the urban coalition in both of our cities, in our larger cities, to make this service available to them, and as a result of this, we have accelerated placement and have given everybody an equal chance at every job available, and this has developed a great deal of good will between the minorities and our office.

I would like to close by saying that we have talked from the record, we have talked about the changes in our agencies and the changes in the law that have made it possible to do the job we should do.

As a businessman I suggest it would be unthinkable to bypass these agencies that have been assembled over the years, and thereby destroy the resources of expertise that now exist.

On the contrary, the reasonable course would be to build on this foundation the best possible manpower service. This may require additional resources, but it also is far less expensive—efficient—than the continued maintenance of many continued agencies and programs.

Only in this way will the umbrella agency in each State be able to administer a comprehensive program, and most important, have a program responsive to local needs.

I paid compliment to industry and their cooperation.

I also would like to pay compliments to labor for their cooperation. We now have in our department a full time paid labor representative, to work with labor unions in establishing better communications and an understanding of the job problem.

This is happening again, across the Nation in each of the States. This is the kind of progress that is taking place in the employment security agencies, and I feel that I want to express my personal appreciation for being able to get this into the record, because this is part of the story, and for some reason or other the minority leaders fail to even recognize it.

Mr. Daniels. I would like to address a question to the panel and get the viewpoint of each member of the panel. If the subcommittee were to draft legislation which would place the primary burden for the operation and responsibility for these manpower programs into the employment security agencies in the 50 States, plus the territories, how you would handle the educational training that some of these manpower programs involve?

Would you recognize the State educational boards or would you administer the educational programs through a different set up?

Mrs. Daly. Mr. Chairman, in our State, we see very clearly that the educational system must respond, as we do.

We don't set ourselves up as an educational institution. There has to be a combining of expertise and abilities in this area.

So we do this now, and one of the things very necessary is to strengthen the bond between the manpower training agencies and the institutionalized learning institutions.

Mr. DANIELS. How do you handle vocational training in the State of Washington?

Mrs. DALY. We contract with existing agencies on a bid basis. We participate in the curriculum and we are working on an individual basis, and in other words, our first priority is the need of the individual, what kind of training, what kind of educational processes does he have to have to meet his greatest potential and his greatest opportunity to be employed?

We are aiming at individual referrals to existing training and educational institutions.

Mr. DANIELS. Are they public or private?

Mrs. DALY. Both. We have an effective OIC program in the city of Seattle and we work closely with this organization. We have the existing community colleges system, the vocational schools.

Mr. DANIELS. The vocational educators have been in to testify, and they fear the setting up of a dual vocational educational program, one operated by the State, and one developed by the Department of Labor.

Mrs. DALY. I don't think that this is a well grounded fear at all.

I can't see it really happening in any sense of the word. Certainly there is a very strong role for the educator in this.

He has a very prominent role to play.

Mr. DANIELS. Mr. Vavoulis?

Mr. VAVOULIS. This works on the same basis that Mrs. Daly has pointed out. I am aware of their fears, because it has been conveyd to me. When and if manpower legislation were passed, we will have an umbrella agency in which vocational education and vocational rehabilitation and all the vocational groups will be represented, as well as labor and the minorities which will have a voice in the development of the manpower program for the State of Minnesota.

Presently, we are contracting out many of these services and if this belongs in the vocational education shop, that is where it goes.

We also work closely with OIC in the use of their training facilities. We have many of our programs in our vocational school system, and as far as I know, they are very happy with this relationship.

But what we are really fighting for is to maintain that power, or that posture as the manpower arm of the act.

Mr. DANIELS. Mr. Diosegy——

Mr. DIOSEGY. We have no problem with Pennsylvania. We use the vocational education. For your information, Mr. Chairman, even on the MDTA through the whole State, there are 87 committees, represented by labor, industry, and educators.

There is no problem whatsoever. We do the contracts, and they do the curriculum and everything else.

Mr. DANIELS. I take it from your testimony that you support the administratiion bill, with the exceptions and qualifications that you have mentioned here today.

Is that correct?

Mr. VAVOULIS. The conference, yes, sir.

Mr. DANIELS. None of you has made any comments about the O'Hara bill.

Mr. DIOSEGY. I made reference to it, sir. I said "at this point it would be timely for me to recognize that there has been considerable sentiment expressed in favor of including 'Public Service Employment' provisions as proposed by your esteemed colleague, Mr. O'Hara in his bill in whatever legislation is eventually enacted.

"I do not believe that you expect me to give you either a personal or an official State position on such provisions. However, I can, without reservations assure you that if it is the will of the Congress to propose and provide any program whereby the Government will be an employer of last resort, and the Pennsylvania Department of Labor and Industry and Bureau of Employment Security will, willingly and effectively, carry out any role assigned to them under such program."

Mr. Daniels. Yes. I do recall your comment. To that extent then, you approve of the O'Hara bill?

Mr. Diosegy. Yes, sir.

Mr. Daniels. What is your view regarding to public service?

Mrs. Daly. I think my comments would be the same as Mr. Diosegy has expressed. The implication of public service is not inherent in the administration's bill. We recognize too the problems of our citizens, large numbers of them who have no opportunity for employment. If it is the will of the Congress that this be included in manpower we are certainly going to respond.

I think my concern with the O'Hara bill Mr. Chairman, is that we in the States must have latitude to plan for the needs of our people. We have to have the opportunity to shift when it is necessary, and in my testimony I expressed that we have a very diverse economic structure in the State of Washington.

We have a large concentration of Mexican Americans, and they are concentrated in one area of our State.

At the same time we have a large concentration of black Americans in our urban area. In addition, we have 22 Indian reservations and we have to be able to respond to the needs of these people.

This is why we pursue so vigorously the opportunity for the State to have management of its own destiny in the manpower programing.

Mr. Daniels. In view of the high positions occupied by each of you in your respective States, can you state whether or not the survey has been made in your States with regard to the public service needs for employment, and how many job spots could be filled if public service were incorporated in legislation that might be forthcoming from this committee?

Mrs. Daly. We have made no such survey in our State.

Mr. Vavoulis. For the record, let me now speak as President of the Interstate Conference. We have taken no position concerning the O'Hara bill, so I don't have the authority to voice an opinion concerning the question that you have now raised.

I was authorized to present what had to do with the present administration bill. Presently as Commissioner of Manpower Services for the State of Minnesota, I feel very strongly about that phase of the bill, public employment.

Mr. Daniels. Do you care to comment?

Mr. Diosegy. Sir, we have not taken any survey.

This I can assure you, Mr. Chairman, that the needs are there. We do have a recognition, a recognized group that takes care of hospitals, and what have you, but I know from our voluminous requests from hospitals and what have you, that the need is there.

Mr. DANIELS. Mr. Eshleman?

Mr. ESHLEMAN. I have one question for the gentleman from Minnesota. I don't mean to be critical, but if I understood you correctly, you talked about your graduates in the manpower program and you said 10 percent of the graduates include BPA recipients.

Shouldn't that figure be higher? Only one out of 10 of your graduates were BPA recipients? It seems to me that figure should be a little higher.

I don't want to put the other two on the spot, but if they know what percentage of the graduates are BPA recipients, I would be glad to have those figures.

Mr. DIOSEGY. Mr. Eshleman, in my presentation on page 22—you must remember, Mr. Eshleman, that prior to 1966 the program was initiated—MDTA was initiated in 1962—and in 1966 the real focus came on the disadvantaged. But from 1962 to January of 1969, we have a breakdown on page 22 there. It shows the physically handicapped, the older workers and youth, high school dropouts, Negroes and other nonwhite and underemployments.

So if you would take the underemployment and Negroes and other nonwhites, that is 53, and take the public assistance, that is 66 percent.

Mr. ESHLEMAN. The same would be true in Minnesota. In other words, a 10 percent figures in Minnesota is 14 percent in Pennsylvania——

Mr. DIOSEGY. But you don't know what portion of the dropouts come within the public assistance.

Mr. ESHLEMAN. That is true.

Mrs. DALY. I think there is a significant figure in that. I believe the Federal guidelines now require that MDTA reserve 60 percent for disadvantaged. In our State, 85 percent of our MDTA enrollees are disadvantaged within the guidelines.

Many of them are on the periphery. It is always so hard to identify some of them.

Mr. ESHLEMAN. The disadvantaged person is not necessarily a public assistance recipient, Mrs. Daly?

Mrs. DALY. Oh, no.

Mr. ESHLEMAN. I have no more questions, Mr. Chairman.

Mr. DANIELS. I would like to thank the members of the panel for coming here today and giving us the benefit of your views.

Mr. VAVOULIS. Thank you, Mr. Chairman.

Mr. DANIELS. Our next witness is Mr. Frank Mulcahy, secretary of the International Association of Rehabilitation Facilities, Washington, D.C.

STATEMENT OF FRANK MULCAHY, SECRETARY OF THE INTERNATIONAL ASSOCIATION OF REHABILITATION FACILITIES, WASHINGTON, D.C.

Mr. MULCAHY. Good morning.

Mr. DANIELS. Mr. Mulcahy, your statement will be incorporated in the record at this point.

Mr. Mulcahy. Thank you, Mr. Daniels.

I do not intend to read it.

Mr. Daniels. Without objection it is so ordered.

(The document referred to follows:)

Statement of Francis W. Mulcahy, Secretary, International Association of Rehabilitation Facilities

My name is Francis W. Mulcahy and I am Secretary of the International Association of Rehabilitation Facilities. It is in this capacity that I speak today. First of all, I would like to commend the members of the committee for their demonstrated interest in the problems of the handicapped individuals. I would also like to express my appreciation for the privilege of testifying before this committee this morning.

The International Association of Rehabilitation Facilities is a private, nonprofit organization which was formed by the merger of the National Association of Sheltered Workshops and Homebound Programs and the Association of Rehabilitation Centers on November 1, 1969. The new organization has over 600 facility members throughout the United States and Canada.

The purpose of IARF is to promote the provision of quality services as provided by rehabilitation facilities and workshops to all those who need such services. The membership is comprised of facilities engaged in restorative and adjustive care and those providing vocational, evaluative, training and sheltered work services to the handicapped. To accomplish this overall objective, IARF provides a multi-faceted program of research, education, communication and liaison. We strongly support the concept in all three bills of a comprehensive, coordinated Manpower Program.

Although the three bills being considered by your Committee approach the problem of Manpower training with an attempt to establish integration of all Manpower training resources, the exclusion of the Rehabilitation Service Administration (RSA) in the planning and funding is a serious oversight which will severely limit the contribution of this very creative department which has had extensive experience in the field of training and preparation of the hard to place for employment. The funds available to this agency and, therefore, to the State and local facilities responsible for providing the services, have been cut substantially from the established need, and the projection for future funding for this Department is very discouraging. The State Divisions of Vocational Rehabilitation have had minimal participation in the resources available under the current Manpower Training Program. We fear that, unless there is specific inclusion in the Manpower Acts for the participation of the Divisions of Vocational Rehabilitation, there will be limited utilization of the resources of this Division through the expansion of their services so that they can more effectively serve the growing number of handicapped individuals, including a very substantial part of the poverty population. The handicapped poverty population, the mentally retarded, emotionally disturbed, and physically handicapped, include a substantial portion of the unemployed on public welfare and those being paroled from penal institutions, and other major target populations with whom this Manpower Act is concerned.

We should like to support Congressman Steiger's Bill which presents an excellent detailed inclusion of a wide variety of Manpower services which are extremely necessary for the population with which these Manpower Bills deal. We would especially like to underline our support for Congressman O'Hara's emphasis on a guarantee to every American willing and able to work, an opportunity for a meaningful job. As a rehabilitation facility, in addition to training and placement of handicapped people, we also give continuing employment to those individuals who are incapable of competing in the normal labor market. We should, therefore, like to stress that we interpret Congressman O'Hara's statement as a guarantee for the handicapped worker to have an opportunity for a meaningful job in a sheltered workshop facility, if that is the limit of his capacity.

As a group of rehabilitation facilities, who have had extensive experience for more than 30 years in the development of programs for the handicapped which have made a substantial contribution to cutting down the unemployment of the handicapped, we are concerned about an aspect of all three Bills which we feel will critically handicap the full achievement of the goals established by the legislation. Of all the private and public agencies, our rehabilitation facilities have had the most extensive experience in working with the difficult group to train and place in employment. The record indicates that the rehabilitation facilities have been unusually successful within the limitations of their resources in training and placing in employment increasing numbers of handicapped people.

The Social Rehabilitation Administration has assisted our rehabilitation facilities with a substantial amount of Federal funds to develop skills and knowledge in training, placing and maintaining in employment the most difficult unemployed population. No other agency in the Federal Government has had the length of experience nor the history of developing the critically needed resources. Although complete responsibility for the implementation of the Manpower Act is given to the Labor Department, it is vital that the experience and knowledge of the SRA be utilized in achieving the goals of this legislation.

In the experience of our organizational membership of rehabilitation facilities with the present Manpower Training Program of the Labor Department, we have found that there has been a great deal of difficulty encountered because of a lack of knowledge on the part of the participating Labor Department agencies as well as new organizations created to serve the unemployed. These difficulties would have been substantially lessened if there had been strong participation in previous legislation to assure that the extensive experience of the SRA and our rehabilitation facilities will be fully utilized in the future through specific inclusion in the Manpower legislation.

The tendency of Manpower Programs to deal with the most employable groups in the population is so traditional that unless some specific recognition is given to this fact in the legislation, the real impact of this program wil' be severely handicapped. It is the basic purpose of this Bill to provide equality of opportunity, maximum employment, and financial independence to a population handicapped by poverty, poor education, discrimination, and physical and mental handicapping conditions. It would be tragic if this legislation would establish a condition under which a substantial handicapped population would be subject to discrimination in their initial efforts to achieve the established legislative goals.

There must be specific protection for the handicapped population in order to assure them of the benefits of this Bill. We are fully cognizant and justly concerned about discrimination based upon race and color. I think it is necessary for us to be even more critically concerned about discrimination against those who not only have been subject to previous discrimination on the basis of race and color, but also on the basis of handicap. This group which has been subject to such severe discrimination must be assured of the opportunities which they are not assured of under the current legislative acts. It may be stated that it is not the purpose of this Bill to deal with this population, and that the program of the SRA will be responsible for dealing with this population. Our rehabilitation facilities which have been established for the purpose of dealing with this population are being cut back severely because of the limited funds and resources made available to the SRA. The special new program for the disadvantaged which has been in the SRA budget for a period of three years has never been funded. *This is a clear indication of discrimination against the handicapped disadvantaged.* Rehabilitation agencies which have demonstrated exceptional successful efforts in rehabilitating the disadvantaged handicapped have not been able to obtain continuous funding not only limiting expansion of such services, but frequently causing elimination of these services due to the limited funding available. Although legislation at the Federal level has broadened, the definition of handicapping conditions so that more of the poverty population can be served by rehabilitation facilities, the funds made available have made it impossible for most States to undertake to serve the expanded population.

These populations are being eliminated under most of the current Manpower training programs, since they present severe problems with which the agencies who are established to deal with generalized Manpower Programs are not experienced, staffed or committeed to serve. Even most of the poverty agencies eliminate this population from their own major concerns. Studies of populations who have failed in the J.O.B.S. Program as well as in MDTA have indicated a high proportion of the mentally retarded, emotionally disturbed, and other types of handicapped. The experience of the Milwaukee Rehabilitation agency, the Jewish Vocational Service, with a major industrial concern, the A. O. Smith Corporation was especially significant in terms of the needs of the handicapped population. The Jewish Vocational Service arranged for a substantial number of the J.O.B.S. trainees also to be provided with additional resources and services of the Division of Vocational Rehabilitation.

Because of this additional resource, the rehabilitation agency was able to provide the full utilization of the rehabilitation facilities. As a result of the extension of services of an experienced rehabilitation agency, the A. O. Smith Corporation was recognized in the Milwaukee community as having the outstanding program.

Although the agency made an effort to get all of them under this program, it was only possible to get a limited number accept for service because of the limited resources of the State Division of Vocational Rehabilitation. It is significant to note that practically no other handicapped individuals being served under the J.O.B.S. Program were served in such a cooperative effort, even though comprehensive planning and cooperation at the top administrative level was implemented.

In order to assure that the handicapped population in the poverty group will receive the kind of broad services included in the legislative Acts now under your consideration, we recommend the following addition to Bill H.R. 10908, Section 17(a):

1. That the Secretary of Labor make arrangements with the Secretary of Health, Education & Welfare, whereby the latter will supervise and evaluate all research, demonstration, evaluation and service programs to assure that this population is effectively served with all of the resources and knowledge which have been developed in the SRA.

In order to achieve this goal of improved services for the handicapped, we would suggest that specific emphasis be placed in the legislation of the utilization of the rehabilitation facilities. We should like to suggest that the specific program of work adjustment training be included in the listing of services to be provided to the unemployed. This type of program is a new type of training which was developed recently by the rehabilitation facilities. It is based on extensive research on the causes of failure in holding a job after training. Almost all data on the reasons for such failure place major emphasis on inadequate work habits, attitudes, relationships with supervision, and with fellow workers. The work skills are a necessary part of the qualifications for work. They are much more easily achieved than the psychological and social aspects of work habits, attitudes and relationships to fellow workers and supervision. Although these factors have been included in current programs, the techniques used to achieve these objectives have generally been unsuccessful and minimally emphasized. Two-week training programs have been developed to achieve the objective of good work habits, attitudes and relationships, while full year programs have been developed to teach technical skills.

Rehabilitation facilities in Philadelphia, St. Louis and Milwaukee have effectively demonstrated the critical importance of utilizing the skills developed by these facilities. A major portion of the unemployment are severely handicapped by emotional, social and educational limitations. They are no less handicapped than some of the populations with which our rehabilitation facilities are now working. We therefore urge you to amend the legislation before your Committee to include specific mention of work adjustment training. We also feel that your legislation should be amended to include the rehabilitation agency as a major part in the planning and development of programs for the unemployed. Without such inclusion in your legislation, there is serious danger, despite the emphasis on comprehensiveness and complete coordination that the State rehabilitation agencies and the facilities will not be included.

We, therefore, recommend an addition to bill H.R. 10908, section 7:

> Programs to provide work adjustment training for the unemployed whose major problem is in the area of work habits, attitudes, and relationships to supervision and to co-workers, as well as behavior control.

We should also like to recommend an addition to Sections 4 and 6 of bill H.R. 10908:

Section 4:

Add "especially individuals who are handicapped," after the statement, "who are from poor families."

Section 6:

Add "and Divisions of Vocational Rehabilitation" after "State employment services."

in order to again emphasize the critical importance of serving the handicapped from poverty populations and utilizing the critical resources of the Divisions of Vocational Rehabilitation.

We further recommend that Section 12 of bill H.R. 10908 be amended as follows:

> To provide an opportunity for incentives to sheltered workshops to employ additional handicapped individuals in order to give them an opportunity for continuing employment.

We recommend that Section (8) be added to Congressman Steiger's bill:

> (8) Experimental and demonstration programs for evaluation, training and education for persons who are handicapped.

We should like to support Title III of Congressman O'Hara's bill relating to public service employment, and recommend an amendment to this section as follows:

> The addition of the term "non-profit sheltered workshop" in order that there be clear indication of the importance of providing such services to the handicapped, and the utilization of the rehabilitation facilities.

We also recommend the followng:

> That the utilization of all public, private and non-profit agencies which are capable of contributing to this program, with priority given to skill centers, work adjustment centers, and other education and training programs operated or arranged through State and local educational or rehabilitation agencies, be required.

Again, I thank the Subcommittee for this opportunity to appear on behalf of the International Association of Rehabilitation Facilities.

Mr. Mulcahy. As Secretary of the organization I do represent about 600 shelter workshops and rehabilitation facilities in the United States.

I would like to digress briefly at the moment to thank you, Mr. Daniels, for your long time interest in vocational rehabilitation and the efforts you made in the 1965 and 1969 amendments.

I know you take much pride in realizing that this hard work of yours has contributed to the lives of a great number of handicapped people, and I thank you for my association.

Mr. Daniels. I wish to express my gratitude to you for your generous compliment.

Mr. Mulcahy. The International Association of Rehabilitation Facilities, which we call IARF and which term I would like to use if I may, supports the principles expressed in all three manpower bills, including, of course, the fine bill sponsored by Congressman Steiger.

We would suggest, however, some modifications of the thrust of these bills. For example we do believe that the rehabilitation services administration should be involved in cooperative arrangements both in the planning of legislation and programs and in the implementing of same.

As you know so well, Mr. Chairman, this organization has been in existence for a great number of years, and really before the advent of the so-called poverty programs in recent years and the sponsorship by many agencies of such programs.

Before this, the administration has been engaged in almost an identical program of rehabilitating people who, however, were then designated as handicapped people, and in our view they greatly resemble the disadvantaged and hard core unemployed and so on with whom we are concerned at this time.

Our view as one might expect is also perhaps to question the wisdom of having businessmen provide all of the services and the training for these hard core unemployed.

Sheltered workers shops and rehabilitation facilities, which incidentally have been in existence since the turn of the century have worked up programs and developed experience and skills, and created professional staffs which do have, we think, talents and resources that are quite necessary in the successful training of disadvantaged people so that when placed on jobs they will remain there.

For example, in our work, the evaluation of the job potential of an individual is felt to be perhaps the most important service that he may receive, even in some cases more important than the vocational training.

Mr. Daniels. Mr. Mulcahy, where did you get the idea that businessmen would be handling the manpower programs?

Mr. Mulcahy. I may have picked it up incorrectly but in reading the bills, I thought I saw an emphasis on the businessman, and not as great an emphasis as we believe there should be on the workshops and facilities.

Did I mislead it?

Mr. Daniels. I think you misread it. I don't know of anyone who indicated to the committee that these programs would be handled exclusively by businessmen. I know of the important role the rehabilitation agencies render to various other agencies in the government, particulaly in job evaluations, as you just mentioned.

Mr. Mulcahy. Thank you. I will allay my concern and pass on to the next point. I thought I heard the distinguished Congressman from New York this morning also make a reference to, you know, the questionable wisdom of this training being provided by businessmen who are great people, whose roles are most important in America, but who perhaps do not have the expertise that professionals should have.

I thought Mrs. Chisholm alluded to this same emphasis.

Mr. Daniels. I am quite sure that in whatever bill reported out adequate steps will be taken to assure that the expertise of people in various professions and the fields of their operations will be recognized.

Mr. Mulcahy. You make me feel better about it. And I will simply pass on. Thank you.

Another point in the language of this, and again we may have misinterpreted it—well, this is not a point in the language, but maybe a possible omission.

It is that having to do with discrimination against race, creed or color. Of course, all of us are against this, but sometimes in this work there creeps into the picture, if you would call it so, a type of discrimination against degree of disability or against the people who are handicapped, either physically or mentally.

This comes about, and I know you are familiar with it, Mr. Chairman, where agency programs like my own will selectively pick the easy people, the minimally disabled or disadvantaged and work on them quickly and get them placed in jobs.

Therefore, you know, in the numbers game, we get credit for rehabilitation, but not doing very much. Of course, we are against this, and I may be belaboring another obvious point. But we would be happier if we saw more emphasis placed on the handicapped and particularly the mentally restored and mentally retarded.

Incidentally, as far as my own credentials are concerned, I represent IARF. I am also a member of the national board of Goodwill Industries of America and I earn my living as the executive director of a Goodwill Industries here in Washington, which covers the District and nearby Maryland and Virginia.

In my work, I have had some experience with the type of programs such as those contemplated. My particular agency has had a program first called BAT and then called MDTA. We did have considerable success. We were able to place about 100 people from that program, or about 98 percent of all of the hard core unemployed who completed their training.

So we believe in this type of training.

At the present time, we have a job 70 contract, which we feel has much promise for us again to place out on jobs and put money in the pockets of these disadvantaged and handicapped people.

Incidentally many of these, of course, as you know so well, would have been on welfare or in institutions or dependent on society in some way, and this is a matter of pride in our work that we are able to remove them from such dependence and make taxpayers of them.

I thank you for this opportunity to speak before you this morning. I will be happy to answer any questions if there should be some.

Mr. Daniels. Mr. Mulcahy, I appreciate your coming here today to give your views. I think that perhaps you have misconceived the intent of the legislation. It is not the intent of myself as chairman or as one member of this committee to exclude rehabilitation services from, where necessary, being part and parcel of the manpower programs.

I am well aware of the fine work performed by the rehabilitation agencies in the various States.

As you indicated, I have played an active part in 1965 and 1968 in having legislation passed to implement and support programs which previously existed.

I think money is well spent in this area. If my recollection serves me correctly, each dollar spent brings a return of \$35 to the Federal Treasury.

So I am hopeful that whatever course the legislation takes, there will be a proper place therein for rehabilitation services.

I want to thank you for your appearance.

Mr. Mulcahy. Thank you.

We deeply appreciate your interest in rehabilitation.

Mr. Daniels. This concludes our hearing today.

The committee will now recess until 9:30 a.m., tomorrow morning, when it will meet in this room.

(Whereupon, at 12:15 p.m. the Select Subcommittee on Labor recessed, to reconvene at 9:30 a.m., Thursday, April 23, 1970.)

MANPOWER ACT OF 1969

THURSDAY, APRIL 23, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:45 a.m., pursuant to notice, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Hathaway, Meeds, and Gaydos.

Staff members present: Marty L. LaVor, minority legislative counsel; Charles W. Radcliffe, education counsel for the minority; and Sue Nelson and Cathy Romano, research assistants.

Mr. Daniels. The subcommittee will come to order. Today we will continue our hearings on comprehensive manpower bills. Our first witness is Mr. E. B. Whitten, executive director of the National Rehabilitation Association, Washington, D.C.

STATEMENT OF E. B. WHITTEN, EXECUTIVE DIRECTOR, NATIONAL REHABILITATION ASSOCIATION, WASHINGTON, D.C.

Mr. Whitten. Thank you, Mr. Chairman; we appreciate the opportunity to appear before you. Members of this committee have been most kind and helpful to the National Rehabilitation Association as they have offered testimony in the past on rehabilitation matters.

Particularly significant, we think, were the 1968 amendments, which you yourself were author of, and which have made a very important contribution to the development of rehabilitation programs.

Later on this year, one of the subcommittees will be considering rehabilitation again, I think. We don't know just how it is going to be assigned at this time.

I am going to skip the part of the testimony that has to do with the identification of the association, since I think who we are is fairly well known to this committee, and go immediately to the top of page 2.

Mr. Daniels. I propose that your statement be incorporated in the record at this time, and you proceed, Mr. Whitten, to summarize the contents of it.

If there is no objection, it is so ordered.

Mr. Whitten. Thank you, Mr. Chairman. We appreciate the opportunity to be here and present our testimony on this very important legislation.

(The statement referred to follows:)

STATEMENT OF E. B. WHITTEN, EXECUTIVE DIRECTOR, NATIONAL REHABILITATION ASSOCIATION

Mr. Chairman, the National Rehabilitation Association appreciates the opportunity to offer testimony before this committee on the manpower legislation now under consideration. Members of this committee have been most kind and helpful to the representatives of the Association, as they have appeared to offer testimony on vocational rehabilitation legislation. Particularly notable was the 1968 legislation, which was sponsored by the chairman of this subcommittee with the able help of other members of the committee from both parties. We shall refer to certain aspects of this legislation in the course of our testimony.

Identification

The National Rehabilitation Association is an organization of 33,000 individuals and 600 organizations. Individual members are about equally divided between individuals who work in some aspect of rehabilitation programs and others who, although not employed in rehabilitation activities, as private citizens are concerned for the rehabilitation of the handicapped and demonstrate this concern through membership and participation in the Association. The National Rehabilitation Association was organized in 1925, a few years after the passage of the first Vocational Rehabilitation Act, and has been in continuous existence since that time. Its purpose is quite simple: to do everything it can to see that physically and mentally impaired individuals are given the assistance they need in attaining the ability to live independently, secure and hold remunerative employment, and become useful citizens of their states and communities.

Guidelines for legislation

In developing legislation having to do with manpower programs, it is the position of the National Rehabilitation Association that the following concepts should underlie such legislation. We shall list them briefly, and then discuss some of them in greater detail.

1. The purpose of the legislation should be to improve the opportunities of unemployed or underemployed individuals, particularly those whom we refer to as disadvantaged, to prepare themselves for employment, and to secure and hold jobs. Any program suggested and any administrative device considered should be measured in terms of the contribution it makes to this end.

2. The state-federal partnership is the most acceptable and efficient organizational pattern to accomplish the purposes of the legislation. The role of the state should be to operate basic manpower programs. The role of the federal government should be to conduct research, demonstration and training programs and provide technical and program consultation to the states. This is in addition, of course, to the numerous functions of the United States Department of Labor as traditionally performed.

3. The legislation should give the federal administrator the authority to develop and apply standards which will assure, so far as possible, that programs developed at state and local levels serve the best interests of the clients. Consistent with the standards referred to above, the administration of the program should be flexible so as to encourage the greatest possible initiative on the part of the states to adapt their programs to local needs. This flexibility should apply to the kind of state agency established to administer the program, its relationship to other agencies, etc.

4. The legislation should provide federal assistance to the states for comprehensive manpower planning. Such planning grants should be made directly to the state. It should be required that manpower planning be related to other planning efforts in the field of human services.

The state plan should provide for a statewide planning advisory body, members of which should consist of representatives of the state agencies administering programs related to manpower, labor, management, private employment interests, and the public, including the consumers of services.

5. The services to be provided under the legislation should be comprehensive and clearly spelled out. Maximum utilization of services of other agencies should be required, and the authority to purchase services from other agencies, public and private, should be specified.

6. The federal share of the cost of the manpower program should be comparable to the federal share of closely related programs. The law should include

guidelines for making apportionments to the states, and the relationship of the number of unemployed in a state to the total number of unemployed in the United States should be a major factor in such apportionment.

Perspective

This testimony is written from the perspective of an organization which has long been concerned for the rehabilitation of handicapped individuals. The principal vocational rehabilitation program is the state-federal program operated under the Vocational Rehabilitation Act. This program is almost universally declared to be a success. It is a success as related to the effects it has on the lives of handicapped individuals it serves, so far as these can be measured; it is a success as evaluated subjectively by experts who have evaluated it; it is a success as judged by those responsible for developing cost-effectiveness indices, for the vocational rehabilitation program has by far the highest cost-effectiveness ratio of any manpower or related program. The assumption that vocational rehabilitation has been a success is by no means to be interpreted that anyone in the rehabilitation movement is satisfied with it. Its success is only in terms of comparability. There is much that remains to be known about the nature of disability, its effect upon the lives of individuals, the effect of specified services, in attaining of individual goals, etc. Programs throughout the country are not uniformly effective, and, nowhere, are the resources ample to do the job that rehabilitation agencies are expected to do. Inspired by what success it has had and challenged by its failures, the rehabilitation movement is engaged in a program of research and demonstration which, in relationship to the size of the program, is probably unequalled in any agency of the government. In other words, although the rehabilitation movement has achieved a modicum of success and has been publicly acclaimed as being successful, it realizes how far it needs to go before it can truly be said to be meeting the needs of handicapped individuals.

Rehabilitation services—Comprehensive

What success rehabilitation has had stems from a number of factors. In the first place, it is individual client oriented. It has never dealt with handicapped individuals in the mass but with handicapped people as individuals. An agency may be serving at one time thousands of individuals, and no two individuals may have identical plans for their rehabilitation. In the second place, rehabilitation attempts to meet all of the needs of the individual handicapped person, not just a part of them. The liberal definition of services makes it possible for the agency to either provide or procure for its client almost anything that was needed in order to help them become employable. The program has a medical component, an educational component, a psychological component, a job preparation and job placement component. Third, the public effort and the voluntary effort is intertwined in such a way that the two mutually complement each other. Rehabilitation agencies have encouraged the development of private rehabilitation programs, particularly workshops and rehabilitation centers, and these facilities serve the needs of the clients of the vocational rehabilitation agencies. Rehabilitation agencies have never considered it was their responsibility to develop personnel and facilities under their own administration to meet all the needs of the handicapped individuals. They have turned to the community for help, and they have helped the community prepare itself to provide what handicapped people need. Fourth, an excellent relationship between the federal government and the states has contributed in an important way to the program's success. The federal government trusts the states, and the states call upon the federal government for all of the assistance it can possibly provide in helping them improve their programs.

Administrative groupings

The legislative proposals before the committee put a great deal of emphasis on organizational patterns at the state level for providing manpower services. For instance, a state manpower agency is called for in two of the bills. In the Administration bill, the nature of such agency is rather carefully prescribed. The assumption seems to be that if one can get all of the right agencies grouped together into some kind of umbrella agency the remaining problems will be solved. Rehabilitation finds itself in a rather peculiar position relative to its relationship to a manpower agency in the state. In the first place, vocational rehabilitation is administered federally by the Secretary of Health, Education, and Welfare. This arrangement is probably preferable to the states to any other arrangement that could be made. So far as we know, there is no effort being made federally to move this agency to any other department.

In the Administration bill, it is specified that vocational education and vocational rehabilitation may be a part of the manpower agency, if the governor sees fit to place them in it. Then, the bill states, that whether or not such agencies are placed in the manpower agency in the state, may determine whether or not the Secretary of Labor shall approve the state's plan.

The question about where to put vocational rehabilitation in an organizational setup is not new to rehabilitation agencies. Traditionally, agencies and professions have tried to cut people up into neat little packages, so far as their needs are concerned. For instance, we talk about the psychological aspects of an individual's problem and we have psychologists and counselors who become experts in the psychological aspects. We refer to the physical aspects of an individual's problems, and we have developed physicians and a multitude of other medically oriented workers to deal with these problems. We refer to the social aspects of an individual's problems, and we have developed social workers and others to deal with these particular problems. The trouble with these kinds of arrangements is that they just don't work. An individual cannot be neatly divided into compartments which are labeled psychological, physical, social, etc. We are slowly beginning to recognize that man functions as an individual and that he must be dealt with as an individual.

Based largely upon the way professionals have attempted to classify the needs of individuals, we have developed certain kinds of agencies. For instance, we have educational agencies that develop and operate what we call educational programs. We have social welfare agencies that deal with the social and family aspects of an individual. We have health agencies that deal with the health problems of the people, and more recently, we have developed manpower agencies to administer manpower programs. These ways of classifying people and services to people do not seem to have any magic about them either. Throughout the years, we have been often amused and sometimes irritated by the efforts to force vocational rehabilitation into one of these molds. At various times to various people vocational rehabilitation has been a health program, an educational program, a social services program, a manpower program. It has been administered federally by the Federal Board for Vocational Education, the Office of Education, the Vocational Rehabilitation Administration, and now by the Rehabilitation Services Administration of the new Social and Rehabilitation Service. Statewide it has been administered by state boards of vocational education, state boards of education, independent agencies, umbrella agencies of various types, etc.

Currently, of 54 general vocational rehabilitation agencies, 35 are located in departments of education, 8 are independent agencies reporting directly to the governor, 9 are in various kinds of umbrella agencies, usually the agencies that bring together health, rehabilitation, welfare, corrections, etc., and 2 are connected with departments of labor and industry. The preponderance of educational settings for the administration of vocational rehabilitation is due to the fact that earliest vocational rehabilitation legislation specified the state board of vocational education as the administering agency, and from this start many of the agencies have maintained some kind of relationship with the educational agency of the state. In quite a number of cases, they operate as virtually autonomous units within the Department of Education or under the Board of Education. Agencies for the blind may be administered separately from the general rehabilitation agencies. Fourteen are administered by Commissions for the Blind. Most of the remainder are administered through state departments of public welfare. In the light of this administrative history and the current situation, it is interesting to find that the Administration's manpower proposal specifies that rehabilitation may be a part of the manpower agency and the Secretary may be able to use the fact that it is not as a reason for not approving the state plan. Actually, the trend in administration of vocational rehabilitation in the states appears to be either toward the development of independent agencies or toward putting rehabilitation in an umbrella agency which includes health, welfare, corrections, etc. The United States Employment Service, which presumably would be the core for a state manpower agency, is not usually included under this umbrella.

The National Rehabilitation Association has no objection to having rehabilitation administered as a part of a state manpower agency so long as it has the organizational status which permits it to operate effectively. The governor already has the authority to put it in such an agency, subject to the approval of the federal administrator. We do object, however, to having inducements offered in this legislation to a state to put rehabilitation in its manpower agency or to the implied threat that if the rehabilitation agency is not put in the manpower agency the state plan may not be approved. We therefore recommend that vocational rehabilitation be eliminated from the wording in Section 102(a)(1)(B) of the Administration bill, if this bill is used as a basis for a committee bill, and that similar language not be included in any bill reported.

Rehabilitation agencies and the disadvantaged

The vocational rehabilitation agencies have had much experience relevant to problems in connection with helping handicapped and disadvantaged individuals prepare for, get and maintain themselves in employment. The vocational rehabilitation agencies are, in fact, the original anti-poverty programs with work objectives. Seventy per cent of the handicapped individuals served by these agencies have no income at the time they make application for services. Ninety-five per cent of those served by the state agencies have income less than what we refer to as the poverty level, although the determination of economic need is not required by the federal law as a precondition for receiving rehabilitation services. Needless to say, a great many of the handicapped people served by the vocational rehabilitation agencies are the most disadvantaged of the disadvantaged. In addition to poverty, substandard living conditions, etc., they have the added burdens of physical or mental disability.

Vocational rehabilitation agencies have learned the hard way some lessons which are relevant to any manpower program. One thing they have learned is that the key to the employment of a handicapped or disadvantaged individual is found in (a) the attitude of the individual toward society and toward work; (b) in his ability to adjust to a world of work; and (c) his preparation for work. I might add that these are listed in the order of their importance. If an individual has a wholesome attitude toward work and toward society and if he is able to adjust to the world of work, the chances are very high that he will succeed in the world of work. In rehabilitation, we refer to these services designed to attain these two objectives as vocational evaluation and work adjustment. Vocational rehabilitation agencies are experienced in the provision of these services. They are usually provided in cooperation with workshops and rehabilitation centers, whose staffs are trained to provide this particular kind of service.

Recognizing how vital vocational evaluation and work adjustment services may be or are to handicapped people and to the disadvantaged population in general, this committee reported and Congress passed the Vocational Rehabilitation Act Amendments of 1968, Section 15 of which established a program designed specifically to provide these services, not only to handicapped individuals, but to other disadvantaged individuals. The services were to be provided by the state vocational rehabilitation agency as a service to other agencies who had responsibility for welfare or manpower programs. As of this date, there has been no funding of this section. President Johnson recommended a small appropriation to get the program started, but the present Administration deleted this from the 1970 appropriation estimates, and the 1971 estimates do not include any recommendations for this program. There has never been any public explanation as to why this program is not being funded. In spite of this, vocational rehabilitation agencies, with the help of the voluntary agencies, have made an important beginning in expanding their vocational evaluation and work adjustment services to handicapped individuals, and to a certain degree even to the non-handicapped.

It should be made clear that the vocational rehabilitation agencies do not want to become the "manpower agencies" of this country. They want to be able to expand and improve their services to the physically handicapped, the mentally retarded, and the mentally ill, who are found in disproportionate numbers among the disadvantaged, as the Heineman Commission emphasized. They would like, however, the opportunity to extend vocational evaluation and work adjustment services to a broader clientele, as a contribution to the general effort to make disadvantaged individuals employable. In so doing, they would not be taking over any agency's responsibility. On a referral basis, they would serve these individuals, evaluate their potential for work, provide them the evaluation and adjustment services that appear to be needed, and return them to the agency that referred them for additional vocational training and placement services.

Whatever direction this manpower legislation takes, it should be related directly to Section 15 of the Vocational Rehabilitation Act. This program, in fact, might very well be designated as the program of choice to provide vocational evaluation and work adjustment services to the disadvantaged. In some states, where intensive efforts are being made to coordinate manpower services for the disadvantaged, this responsibility is being assigned to the vocational rehabilitation agency.

State-Federal relationship

We recognize that one of the issues before the committee is whether the manpower program described in this bill would be administered exclusively by the Secretary of Labor or be administered as a state-federal partnership. The National Rehabilitation Association prefers a state-federal program as envisaged in the Administration and Steiger bills. Our reasons for this are not philosophical. Rehabilitation people, public and voluntary, tell us they believe they can work more effectively with a state counterpart than they have been able to work with programs which are administered directly from a federal department. These people find themselves frustrated by administrative directives developed at the federal level. They report that they are reluctant to undertake contracts, because of the experience so many people have had of having finances withdrawn, just at a time when the program seemed to be developing well. They far prefer to work with a state vocational rehabilitation agency, the state welfare agency, or other state-administered programs. As we have stated earlier, the vocational rehabilitation program is a good illustration that a state-federal program will work. We can see no reason why a state-federal partnership in a manpower program of the kind proposed in this legislation could not work equally well.

At the same time, we recognize the fact that there are some things that must be done federally. We believe that the Secretary should have liberal appropriations for research and demonstration, to provide for training of manpower personnel, for the development of programs that must be developed on an interstate basis, etc. Individuals or organizations receiving grants from the Secretary would recognize, however, that these are demonstration programs, and that, if they are successful, they would be expected to incorporate in the basic state manpower program at the conclusion of the experimental period. The Secretary could and would, I am sure, concentrate upon experimental approaches to the provision of services, which states would not be likely to undertake on their own initiative. In summary of this part, we might say that we believe it will be better for the states to run the established vocational training and placement programs, while the Secretary runs the experimental and interstate programs. This kind of arrangement should also result in minimizing the vocational education manpower conflict which is apparent at the federal level and in many of the states.

In this connection, we might say that we believe that the basic relationships should be between the federal government and the states, not between the federal government and local jurisdictions. The funds should be apportioned to the states. The prime local sponsors, if such are desired, should be designated by the state. The regulations of the Secretary will be expected to state the conditions of plan approval. These certainly will include regulations to assure that funds are allocated to the various parts of the state in proportion to the need. The state plan will certainly be required to establish standards governing the selection of prime sponsors. Although the Secretary will have the final authority for approving or disapproving state plans which contain these provisions, it is the state to which funds shall be allotted and it is the state that should designate the prime local sponsors.

Incentives

The Administration bill and the Steiger bill both have provisions for incentives to the states which comply with "standards of exemplary performance", as stated in the Administration bill, and are demonstrating "resources and imagination. . . . in carrying out the plan in a highly effective and efficient manner." We have serious reservations about such incentives. After many years of experience in the vocational rehabilitation programs in this country, one would have a most difficult time in developing objective standards for "exemplary performance" of the functions of the vocational rehabilitation agency. Would the standards relate to the number of people rehabilitated, the number in service, the number referred to other agencies, the quality of services? If the latter, how would one measure quality? What is true of the vocational rehabilitation agencies will be equally true of manpower agencies. I fear that an incentive program as envisaged in this legislation would result in competition with respect to neat organizational charts and skillful plan and report writing rather than having to do with the effectiveness of services to individuals. Why not give all the states the extra 5% to start with!

General considerations

Mr. Chairman, we have made no effort to discuss the legislative proposals in their entirety, confining ourselves to sections with respect to which we think people in the rehabilitation movement have developed some competence. We do want to say, however, that there are many desirable features in these legislative proposals, which the National Rehabilitation Association will heartily support. For instance, the provisions of the O'Hara bill for occupational training in industry and for public service employment would make valuable contributions to the real success of manpower program efforts. The concept of the advisory committees to the Secretary of Labor and to the state manpower agencies found in the Administration bill is sound. Such committees should have representation by vocational rehabilitation and other manpower related programs. We would like to emphasize, however, that we believe that an advisory council, a comprehensive manpower planning council, or whatever one might want to call it, at the state level, should be advisory only. The authority to administer programs should reside in the state agency established to administer the program.

The job bank concept is found in all three bills. This is sound and progressive legislation. The provision in the Administration bill for consultation with the Secretary of Health, Education, and Welfare on manpower service programs within its traditional area of responsibility is sound and necessary. The efforts in the Administration bill to relate the manpower program to the welfare program are also sound.

Mr. WHITTEN. We have tried to identify five or six principles that we think ought to identify manpower legislation. We think the purpose of the legislation should be to improve the opportunities of unemployed and/or underemployed individuals, particularly those whom we refer to as disadvantaged to prepare themselves for employment and to secure and hold jobs.

Any program suggested and any administrative device considered should be measured in terms of the contribution it makes to this end.

The State-Federal partnership is the most acceptable and efficient organizational pattern to accomplish the purposes of the legislation. The role of the State should be to operate basic manpower programs.

The role of the Federal Government should be to conduct research, demonstration, and training programs and provide technical and program consultation to the States.

This is in addition, of course, to the numerous functions of the U.S. Department of Labor as traditionally performed.

The legislation should give the Federal administrator the authority to develop and apply standards which will assure so far as possible the programs developed at State and local levels serve the best interests of the clients.

Consistent with the standards referred to above the administration of the program should be flexible so as to encourage the greatest possible initiative on the part of the States and local communities to adapt their programs to local needs.

This flexibility should apply to the kind of State agency established to administer the program, its relationship to her agencies, and so forth.

The legislation should provide Federal assistance to the States for comprehensive manpower planning. Such planning grants should be made directly to the State. It should be required that manpower planning be related to other planning efforts in the field of human services.

The State plan should provide for a statewide planning advisory body, members of which should consist of representatives of the State agencies, administering programs related to manpower, labor, management, private employment interests, and the public, including the consumers of services.

The services to be provided under the legislation should be comprehensive and clearly spelled out. Maximum utilization of services of other agencies should be required, and the authority to purchase services from other agencies, public and private, should be specified.

The Federal share of the cost of the manpower programs should be comparable to the Federal share of closely related programs.

The law should include guidelines for making apportionments to the States, and the relationship of the number of unemployed in a State to the total number of unemployed in the United States should be a major factor in such apportionment.

Incidentally, Mr. Chairman, I might state that this has been much of the problem we have had in the States. We have planning for comprehensive health, mental retardation, and so forth, but all too frequently these planning efforts have been done in almost complete isolation to other things.

If we're going to plan in manpower it certainly ought to be done in coordination with other planning efforts that are on the way, and in connection with the findings that other plans have already developed.

Now, Mr. Chairman, this testimony is written from the perspective of an organization which has long been concerned with the rehabilitation of handicapped individuals.

This program is almost universally declared to be a success. It is a success as related to the effects it has on the lives of handicapped individuals it serves, so far as these can be measured. It is a success as evaluated subjectively by experts who have evaluated it. Including many of the manpower experts who have appeared before this committee, it is a success as judged by those responsible for developing cost effectiveness indices, for the vocational rehabilitation program has by far the greatest and highest cost-effectiveness ratio of any manpower or related program.

The assumption that vocational rehabilitation has been a success is by no means to be interpreted that anyone in the rehabilitation movement is satisfied with it. Its success is only in terms of comparability.

There is much that remains to be known about the nature of a disability, its effect upon the lives of the individuals, the effect of specified services, in attaining of individual goals, and so forth.

Programs throughout the country are not uniformly effective, and nowhere are the resources ample to do the job that rehabilitation agencies are expected to do.

Inspired by what success it has had and challenged by its failures, the rehabilitation movement is engaged in a program of research and demonstration which in relationship to the size of the program is probably unequalled in any agency of the Government.

In other words, although the rehabilitation movement has achieved a modicum of success and has been publicly acclaimed as being successful, it realizes how far it needs to go before it again can truly be said to be meeting the needs of handicapped individuals.

What success rehabilitation has had stems from a number of factors. In the first place it is individual client oriented. It has never dealt with handicapped individuals in the mass but with handicapped people as individuals. An agency may be serving at one time thousands of individuals, and no two individuals may have identical plans for their rehabilitation.

In the second place, rehabilitation attempts to meet all of the needs of the individual handicapped person, not just a part of them. The liberal definition of "services" makes it possible for the agency to either provide or procure for its client almost anything that was needed in order to help them become employable.

The program has a medical component, an educational component, a psychological component, a job preparation and a job placement component.

Third, the public effort and the voluntary effort is intertwined in such a way that the two mutually complement each other. Rehabilitation agencies have encouraged the development of private rehabilitation programs, particularly workshops and rehabilitation centers, and these facilities serve the needs of the clients of the vocational rehabilitation agencies.

Rehabilitation agencies have never considered it was their responsibility to develop personnel and facilities under their own administration to meet all the needs of the handicapped individuals.

They have turned to the community for help, and they have helped the community prepare itself to provide what handicapped people need.

Fourth, an excellent relationship between the Federal Government and the States has contributed in a very important way to the program's success. The Federal Government trusts the State, and the States can call upon the Federal Government for all of the assistance it can possibly provide in helping them improve their programs.

It may be rather unique, Mr. Chairman, but frequently the State rehabilitation agencies are calling upon Congress for more help for themselves through the Federal Government, rather than less.

This is really a very unique cooperative State-Federal undertaking, as I think you probably know.

The legislative proposals before the committee put a great deal of emphasis on organizational patterns at the State level for providing manpower services. For instance, a State manpower agency is called for in two of the bills.

In the administration bill, the nature of such agency is rather carefully prescribed. The assumption seems to be that if one can get all of the right agencies grouped together into some kind of umbrella agency the remaining problems will be solved.

Rehabilitation finds itself in a rather peculiar position relative to its relationship to a manpower agency in the State.

In the first place vocational rehabilitation is administered federally by the Secretary of Health, Education, and Welfare.

This arrangement is probably preferable to the States to any other arrangement that could be made. So far as we know, there is no effort being made federally to move this agency to any other department.

In the administration bill, it is specified that vocational education and vocational rehabilitation may be a part of the manpower agency, if the Governor sees fit to place them in it. Then the bill states that whether or not such agencies are placed in the manpower agency in the State may determine whether or not the Secretary of Labor, and the Secretary of Health, Education, and Welfare, shall approve the State's plan.

In other words, there seems to be an implied threat of some kind that if you don't do this, things might not work out like you would like to have them.

The question about where to put vocational rehabilitation in an organizational setup is not new to rehabilitation agencies. Traditionally agencies and professions have tried to cut people up into neat little packages, so far as their needs are concerned.

For instance, we talk about the psychological aspects of an individual's problems and we have psychologists and counselors who become experts in the psychological aspects.

We refer to the physical aspects of an individual's problems and we have developed physicians and a multitude of other medically oriented workers to deal with these problems.

We refer to the social aspects of an individual's problems and we have developed social workers and others to deal with these particular problems.

The trouble with these kinds of arrangements is that they just don't work.

An individual cannot be neatly divided into compartments which are labeled psychological, physical, social, et cetera. We are slowly beginning to recognize that man functions as an individual and that he must be dealt with as a whole individual, and by the way, the best model we have in the United States today on how they may be accomplished is found in the rehabilitation facilities of the country where the physician and the social worker and the counselor and the vocational specialist, all on the one staff, coordinate their efforts and try to direct them in helping the individual meet all his needs, and I will say that I think far too little attention has been given to this model, as I judge from the testimony that is presented to the committee, and it would bear a great deal of investigation in connection with what the possibilities may be in a comprehensive manpower program.

It has been administered federally by the Federal Board for Vocational Education, the Office of Education, the Vocational Rehabilitation Administration, and now by the Rehabilitation Services Administration of the new Social and Rehabilitation Service, statewide State boards of education, independent agencies, umbrella agencies, of various types, and so forth.

Currently then, of 54 general vocational rehabilitation agencies 35 are located in departments of education, eight are independent agencies reporting directly to the Governor, nine are in various kinds of umbrella agencies, usually the agencies that bring together health, rehabilitation, welfare, corrections, and so forth and two are connected with departments of labor and industry.

The preponderance of educational settings for the administration of vocational rehabilitation stems from the fact that earliest vocational rehabilitation legislation specified the State board of vocational education as the administering agency, and from this start many of the agencies have maintained some kind of relationship with the educational agency of the State.

In quite a number of cases, they operate a virtually autonomous unit within the department of education or under the board of education.

Agencies for the blind may be administered separately from the general rehabilitation agencies.

Fourteen are administered by commissions for the blind.

Most of the remainder are administered through State departments of public welfare. In the light of this administrative history and the current situation, it is interesting to find that the administration's manpower proposal specifies that rehabilitation may be a part of the manpower agency and the Secretary may be able to use the fact that it is not as a reason for not approving the State plan.

Actually the trend in administration of vocational rehabilitation in the States appears to be either toward the development of independent agencies or toward putting rehabilitation in an umbrella agency which includes health, welfare and corrections, and so forth.

The U.S. Employment Service, which presumably would be the core for a State agency, is not usually included under this umbrella.

As you know, Mr. Chairman, most of the States in recent years have engaged in comprehensive studies relative to the reorganization of State government, and it is interesting to find that their conclusions, and usually led by objective management groups, have been that rehabilitation fits best into the kind of situation that has been described, and it is most interesting that the employment service is seldom placed in this particular situation.

The point I am making in this is that there is not any magic with respect to how the State decides to group its agencies as relates to education or to manpower, or anything else.

There are many, many factors to enter into what is the best way to do this. We in the national rehabilitation association have no objection to having rehabilitation administered as a part of a State manpower agency so long as it has the organizational status which permits it to operate effectively.

The Governor already has the authority to put it in such an agency, subject to the approval of the Federal administrator. We do object, however, to having inducements offered in this legislation to a State to put rehabilitation in its manpower agency then, or to the implied threat that if the rehabilitation agency is not put in the manpower agency the State plan may not be approved.

Therefore, we recommend that vocational rehabilitation be eliminated from the wording in section 102(a)(1)(B) on page 7 of the administration bill, if this bill is used as a basis for a committee bill, and that similar language not be included in any bill reported by the committee.

The vocational rehabilitation agencies have had much experience relevant to problems in connection with helping handicapped and disadvantaged individuals prepare for, get, and maintain themselves in employment.

The vocational rehabilitation agencies are, in fact, the original antipoverty programs with work objectives. Seventy percent of the handicapped individuals served by these agencies have no income at the time they make application for services.

Ninety-five percent of those served by the State agencies have income less than what we refer to as the poverty level, although the determination of economic need is not required by the Federal law as a precondition for receiving rehabilitation services.

Needless to say, a great many of the handicapped people served by the vocational rehabilitation agencies are the most disadvantaged. In addition to poverty, substandard living conditions and so forth, they have the added burdens of physical or mental disability.

Vocational rehabilitation agencies have learned the hard way some lessons which are relevant to any manpower program. One thing they have learned is that the key to the employment of a handicapped or disadvantaged individual is found in:

(*a*) The attitude of the individual toward society and toward work.

(*b*) In his ability to adjust to a world of work;

(*c*) and his preparation for work.

I might add that these are listed in the order of their importance. If an individual has a wholesome attitude toward work and toward society and if he is able to adjust to the world of work and if there is a job available, the chances are very high that he will succeed in the world of work.

In rehabilitation we refer to these services designed to attain these two objectives as vocational evaluation and work adjustment. Incidentally, in the manpower contention taking the same concepts, in the WIN program, they are calling them by other names, but they mean precisely the same.

Why the same words were not used is a little confusing to me, since it has caused some vocabulary problems and lack of communication.

Vocational rehabilitation agencies are experienced in the provision of these services. They are usually provided in cooperation with workshops and rehabilitation centers, whose staffs are trained to provide this particular kind of service.

Incidentally, the closest thing we are talking about is found in the concept of the CEP program even though they are infants and by the way, are frequently using the rehabilitation agencies and facilities to help them get these services.

Another thing I would like to mention is that in the Opportunity Industrialization Centers, these agencies, too, have more nearly what we can consider to be the correct concept of what is required in order to even get a man ready to work than most any other—well, I would say than any other voluntarily operated programs in the country, and we admire a great deal what these groups are doing.

They could probably have profited by professional leadership, but it was not there, and they have been doing, we think, a remarkable job and a better job all the time.

Mr. MEEDS (presiding). Professional leadership may have led to confusion.

Mr. WHITTEN. It may have at one time. While I believe that any group ought to use what other people have known and learned about anything, sometimes there is a difficulty of communication between the professionals and some of these people, and they have a very important role to play.

Recognizing how vital vocational evaluation and work adjustment services may be or are to be to handicapped people and to the disadvantaged population in general, this committee reported and Congress passed the Vocational Rehabilitation Act Amendments of 1968, section 15 of which established a program designed specifically to provide these services, not only to handicapped individuals but to other disadvantaged individuals.

The services were to be provided by the State vocational rehabilitation agency as a service to other agencies who had responsibility for welfare and/or manpower programs.

As of this date, there has been no funding of this section. President Johnson recommended a small appropriation to get the program started, but the present administration deleted this from the 1970 appropriation bill and the 1971 estimates do not include any recommendations for this program.

There has never been any public explanation as to why this program is not being funded, although the rumors are that, you know, the ferment to get a new manpower bill may have something to do with a delay.

I could not be absolutely sure this is true.

In spite of this, vocational rehabilitation agencies with the help of the voluntary agencies have made an important beginning in expanding their vocational evaluation and work adjustment services to handicapped individuals, and to a certain degree even to the nonhandicapped.

By the way the present budget does have in a special project program $3 million to experiment in the rehabilitation agencies with some of these vocational rehabilitation and evaluation and work adjustment programs.

Incidentally Mr. Meeds, in your State I think this problem probably has no meaning than most anywhere else, because your State was a State that stepped into this program with its own funds long before anybody was talking about providing Federal assistance and I was told just this week that your State is seriously embarrassed now because it had prepared for the use of this section 15 in its own program, only to find no funding coming through Congress for this present purpose.

It should be made clear that the vocational rehabilitation agencies do not want to become the manpower agencies of this country. They want to be able to expand and to improve their services to the physically handicapped, the mentally retarded, and the mentally ill, who are found in disproportionate numbers among the disadvantaged, as the Heineman Commission explained.

I believe they said they found 3 times as many handicapped people proportionately in the poor population of the country than they found in the overall population and people tell me in the rehabilitation centers that a very high proportion of the people coming in as disadvantaged people do have identifiable physical and emotional problems that could constitute eligibility for rehabilitation, so far as that is concerned.

They would like, however, the opportunity to extend vocational evaluation and work adjustment services to a broader clientele, as a contribution to the general effort to make disadvantaged individuals employable.

This is a worrisome term to me, but everybody is using it, and I use it, too, that their problems are similar to the kinds of problems that handicapped people have had, or the services needed to make them employable are the kinds of services of the kind the handicapped have.

In so doing they would not be taking over any agency's responsibility. On a referral basis they would serve these individuals, evaluate their potential basis for work, provide them the evaluation and adjustment services that appear to be needed, and return them to the agency that referred them for additional vocational training and placement services.

Whatever direction this manpower legislation takes, it should be related directly to section 15 of the Vocational Rehabilitation Act. This program in fact might very well be designated as the program of choice to provide vocational evaluation and work adjustment services to the disadvantaged.

In some States where intensive efforts are being made to coordinate manpower services for the disadvantaged this responsibility is being assigned to the vocational rehabilitation agency.

And I think the plan is in your own State that this would be done, if it can be financed in a proper way.

We recognize that one of the issues before the committee is whether the manpower program described in this bill would be administered exclusively by the Secretary of Labor or be administered as a State-Federal partnership.

The National Rehabilitation Association prefers a State-Federal program as envisaged in the administration and Steiger bills.

Our reasons for this are not philosophical; rehabilitation people, public and voluntary, tell us they believe they can work more effectively with a State counterpart than they have been able to work with programs which are administered directly from a Federal department.

These people find themselves frustrated by administrative directives developed at the Federal level. They report that they are reluctant to undertake contracts because of the experience so many people have had of having finances withdrawn, just at a time when the program seemed to be developing well.

They far prefer to work with a State vocational rehabilitation agency, the State welfare agency, or other State administered program. As we have stated earlier, the vocational rehabilitation program is a good illustration that a State-Federal program will work.

We can see no reason why a State-Federal partnership in a manpower program of the kind proposed in this legisaltion could not work equally well.

I think I can simply sympathize with the Department of Labor in trying to administer a program like they have tried to administer through the Manpower Development Training Act where they have contracts with literally thousands, or tens of thousands of public agencies over the country.

The rehabilitation agencies have had a difficult time with relating in what you would call a comprehensive and effective way with this kind of arrangement, and they simply feel if there were a State-Federal counterpart to the State-Federal rehabilitation program and the State-Federal welfare program, that they would work more effectively toward the aims they think Congress had in mind.

It does not get into the question of whether the Federal Government should be supreme, or the State governments should. It is a pragmatic question on how one should work together, and we are going to have to depend on these agencies, working together if we accomplish anything in this field.

At the same time we recognize the fact that there are some things that must be done federally. We believe that the Secretary should have liberal applications for research and demonstration to provide for training of manpower personnel for the development of programs that must be developed on an interstate basis, and so forth.

We had problems when we had to work in Mississippi. Memphis was the biggest town, we used to say, in Mississippi. There are some things that have to be done with Arkansas, Mississippi, and Tennessee working together, and you can't get three States to cooperate right, with different regulations, and for the Secretary to be able to step into situations like this and offer leadership in interstate compacts could be very helpful.

In summary of this part we might say that we believe it will be better for the States to run the established vocational training and placement programs, while the Secretary runs the experimental and interstate programs.

This kind of arrangement should also result in minimizing the vocational education manpower conflict which is apparent at the Federal level and in many of the States.

We are sorry to say that.

In this connection we might say that we believe that the basic relationships should be between the Federal Government and the States, not between the Federal Government and local jurisdictions. The funds should be apportioned to the States.

The prime local sponsors, if such are desired, should be designated by the State.

And by the way, this local prime sponsor idea is a very, very tricky and difficult concept, and while I think I understand it, and do not oppose it, I feel there will be and are many, many problems in connection with the use of this particular device, and I would assume that the committee is seeking as much information as it can about how the local prime sponsor concept would work out, because it is a tricky kind of thing—with possibilities, with great possibilities, if we are ready to work on it.

The regulations of the Secretary will be expected to state the conditions of plan approval. These certainly will include regulations to assure that funds are allocated to the various parts of the State in proportion to the need.

The State plan will certainly be required to establish standards governing the selection of prime sponsors. Although the Secretary will have the final authority for approving or disapproving State plans which contain these provisions, it is the State to which funds shall be allotted and it is the State that should designate the prime local sponsors.

Incidentally, I probably should confess to what some people might call prejudice in this area because we have such a fine relationship between the Federal Government and the States in vocational rehabilitation, resulting from intelligent and dedicated administration at both ends that it is difficult for us to conceive why, under the proper auspices, there cannot be a like kind of effective State-Federal relationship in the manpower field, and we think it is definitely worth trying and I think the legislation that you have here has many of the elements in it which will contribute toward that end.

The administration bill and the Steiger bill both have provisions for incentives to the States which accompany compliance with standards of exemplary performance as stated in the administration bill and are demonstrating resources and imagination in carrying out the plan in a highly effective and efficient manner.

We have serious reservations about such incentives.

Mr. Chairman, so far as I know, I am the first witness who has thrown doubt on this in getting a good manpower program.

After many years of experience in the vocational rehabilitation programs in this country, one would have a most difficult time in developing objective standards for exemplary performance of the functions of the vocational rehabilitation agency.

Would the standards relate to the number of people rehabilitated, the number in service, the number referred to other agencies, the quality of service?

If the latter, how could one measure quality? What is true of the vocational rehabilitation agencies, will be equally true of manpower agencies.

I fear that an incentive program as envisaged in this legislation would result in competition with respect to neat organizational charts and skillful plan and report writing rather than having to do with the effectiveness of services to the individuals. Why not give all the States the extra 5 percent to start with?

Instead of this kind of thing? We just simply don't think it will work. We don't think we are smart enough, in other words, to develop standards that would have any great meaning in this way.

Mr. Chairman, we have made no effort to discuss the legislative proposals in this committee, but have confined ourselves to sections within them, in which we think people in the rehabilitation movement have developed some competence.

We do want to say, however, that there are many desirable features in these legislative proposals, which the National Rehabilitation Association will heartily support.

For instance, the provisions of the O'Hara bill for occupational training in industry and for public service employment would make valuable contributions to the real success of manpower programs efforts.

And I am among those who say if there is not a job at the end of the training, there is something lost somewhere.

The concept of the advisory committees to the Secretary of Labor and to the State manpower agencies found in the administration bill is sound.

Such committees should have representation by vocational rehabilitation and other manpower related programs. We would like to emphasize however that we believe that an advisory council—a comprehensive planning council—or whatever one might call it, at the State level, should be advisory only and there are some that we have a feeling ought to be almost administrative by nature.

The authority to administer programs should reside in the State agency established to administer the program.

The job bank concept is found in all three bills. This is sound and progressive legislation. The provision in the administration bill for consultation with the Secretary of Health, Education, and Welfare on manpower service programs within its traditional area of responsibility is sound and necessary. The efforts in the administration bill to relate the manpower program to the welfare program are also sound.

Mr. Chairman, I am going to bring my statement to a conclusion. We think there is much good in this legislation, and we hope the committee will draft its own bill in which it can incorporate many concepts that have been advanced, but not necessarily found in this legislation including some I have stated this morning.

Thank you, very much.

Mr. Meeds. Thank you for your testimony. I have not been present for all of the hearings on this legislation, but yours is excellent testimony, and shows a good comprehensive view of all these pieces of legislation.

I must, however, at the outset confess to some confusion. As I understand the three concepts contained in the O'Hara bill, the Steiger bill and the Ayres bill, the latter being the administration proposal, they are somewhat as follows:

First of all, under the O'Hara bill, ultimate and initial responsibility for promulgating manpower programs would reside in the Secretary of Labor, and he would have the authority to contract directly with States, municipalities, and school districts or any other agency within a given area or State to develop the manpower program in that area.

The second concept is contained in the Steiger bill which would in effect make a block grant to States for the development of the manpower proposals and programs within the given State.

The third program is rather an amalgam of the two—that is the Ayres bill—in which the Secretary would contract both with local and State agencies, but the State agencies would be the prime sponsor within a given State.

Now, as I understand your testimony and particularly bringing your attention to page 9, it is your feeling that vocational rehabilitation agencies within the State should not be placed under the State umbrella agency which would occur, probably both under the Ayres and the Steiger bills, and at the same time on page 12, you are advocating in effect I would say probably the Steiger bill.

Am I correct or incorrect here?

Mr. Whitten. Probably I should make it a little clearer, our concept about this. With respect to the location of the rehabilitation agency in the State, our desire is that the legislation not offer inducements to the States to put rehabilitation in the State manpower agency, or offer any threats to the State if he does not.

We want this to come in a natural way with respect to what the State in its judgment, as a result of its own conclusions, decides should be done. This would be rather upsetting now for us to see, where you find studies have been made recently and have resulted in rehabilitation being put in a complex of corrections, welfare, health and so forth, the State feels that it is the will of Congress that this should all be changed and some other arrangement should be made.

So it is not that we are opposed to the agency being in this manpower group, if it is done deliberately by the State as a matter of State policy.

Now with respect to the sponsorship——

Mr. MEEDS. If I could just interrupt you there, that is where my confusion comes in. I have difficulty envisioning a State program which functions well under an umbrella manpower agency within a State in which vocational rehabilitation would not be a part, and would not be a very important component of that manpower agency and within the State.

This is the purpose. If there is any one purpose that runs through all three of these concepts, it is to draw together the divergent functions, or the divergent groups which are all functioning in the manpower field, and if we at the outset are to exclude what I consider to be one of the most important components of that, you kind of leave me cold right there. This is a personal opinion, but I have difficulty with that concept.

Mr. WHITTEN. You see, the way the legislation is written, it does not mention any other State agency. Out of the blue, there comes a line saying the vocational education and vocational rehabilitation may be a part of the State agency, the manpower agency.

It does not say they have to be, but that they may be. No other agencies are mentioned. Then as we see then in the next line, it says, that, if these agencies are not put in it, the Secretary of Labor and the Secretary of HEW may use this as a reason for not approving the State plan. We would like the State to have complete option, and it may very well be, Mr. Chairman, as you have indicated, that this is where the State will decide where the rehabilitation agency should be.

We won't complain about that. We don't want the pressure on them to do this in light of the administrative developments we have had in the States in recent years.

Mr. MEEDS. As you have indicated, in my own State there have been general plans to do much of the manpower training within the State, if they had had the money for administration and the authority—well, there is some authority, but you said it had not been funded.

There is some question as to whether this is the proper agency, but I could envision in my own State, for instance, the vocational rehabilitation agency becoming almost the nucleus for a whole State manpower training program.

Mr. WHITTEN. This may be.

Mr. MEEDS. You may call it something else, but the expertise for that kind of a program resides in our State vocational rehabilitation apparatus.

Mr. WHITTEN. Yes, it does have expertise along these lines. The only thing we are asking for is that these agencies not be singled out by name in the legislation. We are not opposing the States doing this thing, but we would not like to have the State feel it is being pressured into doing this.

With respect to the other point that you raised in this connection, I suppose that if we had to choose personally between the three approaches that you have mentioned there, that we would choose the Steiger approach.

Without a lot of explanation, it is a little difficult to know how this "pass through" as it is called in the administration bill, would work.

Apparently the State gets the allotment but somehow or other there is some compulsion with respect to grants to subdivisions.

The Secretary has some authority to do some things that I judge are not spelled out too clearly in the law.

You are the first person I have heard say that the Secretary might contract directly with a local administration. I knew that he had to approve the prime sponsers and so forth, but I was not clear on that point.

So I would say, again, that I think the Steiger approach, which, by the way, has many safeguards to assure that the Secretary of Labor could maintain standards in the State—this would be our preference, if we took one just exactly like it is written now.

Mr. MEEDS. Then you combine, this, of course, if I understand your testimony, with the idea that interstate problems be worked out by the Secretary, that the job bank concept be worked out by the Secretary, and that research and demonstration also be conducted by him.

Mr. WHITTEN. That is right.

This is a pattern, Mr. Chairman, really, that we have developed in the vocational rehabilitation program already. The Secretary of Health, Education, and Welfare, runs the training programs, the research programs, and this is the way many of the States think it ought to be.

They're eligible for grants, of course, the State agencies are, if they seek them, and if they are found to be approvable.

But the States operate the programs and we feel this is the best way to do it.

Mr. MEEDS. I don't necessarily think that the Steiger proposal presents, even if the vocational rehabilitation agency and other agencies, employment security and so forth, were required to be under this umbrella, I don't think this presents a real threat to the training aspects of those groups.

In fact it would seem to me that as members of the umbrella agencies that they can very well protect their jurisdictional lines, particularly in administration and other things, but they ought to be subject to overall manpower planning.

Mr. WHITTEN. Certainly they ought to be related to it. They are developing in HEW now a social service bill to be a companion piece of legislation to the family assistance bill, the FAP.

The same problem comes up. People working on this bill think that the rehabilitation agency ought to be part of the family services concept and they would feel just as firmly that rehabilitation ought to be part of a social service system as people in manpower would feel it ought to be a part of a manpower system.

The truth of the matter is that there is no magic about any of these systems, and the agency that does the good is the one that can recognize the nature of the problem of the individual and work with him, and the rehabilitation agency has long had the authority to do this.

We don't feel threatened. Rehabilitation doesn't feel threatened by any of this. Rehabilitation people may have their personal convictions as to whether they would rather be in a manpower setup or a social service setup, or some other kind of setup, but it is not a matter of threat.

But we feel we will serve our mission better if the state in its own election after its own studies, determines where these programs fit in best.

Mr. Meeds. Vocational rehabilitation should not be part of the umbrella agency—if we did that, have we achieved our primary purpose in trying to combine at least the manpower training aspects of all these divergent roles?

Mr. Whitten. I am not sure I got the impact of your question, Mr. Chairman.

Mr. Meeds. Let's assume that the Steiger bill passed, and that the State of Washington designates a manpower training agency within the State which has as opponents of its authority and jurisdiction all of the various manpower programs of the State, except vocational rehabilitation.

Have we then accomplished our purpose in attempting to consolidate? As I said earlier, that is the one thing that runs through all of these bills.

Mr. Whitten. I don't know whether you would have accomplished your purpose or not. What we say is that these two agencies are mentioned by name, you see, in the legislation. No other agencies, no other programs are mentioned by name, and we feel that this would be interpreted as pressure on the part of the Congress.

Evidently, from your statement, it would be pressure. In other words, that would be your intention, to see that they do put rehabilitation into the manpower area and——

Mr. Meeds. And employment security, and MDTA programs within the State, and a number of other things.

Mr. Whitten. Yes.

Mr. Meeds. In other words, to group together and get under one umbrella all the manpower programs going on in the States.

Mr. Whitten. In the State of Iowa the last year they had a struggle over the location of vocational rehabilitation, and the educators convinced the legislature that rehabilitation is an educational program.

That is where it has been located all through these years, and it could function better in an educational setting.

They were trying one of the umbrella agencies that was going to have welfare, health, corrections, and so forth, in it. It is interesting.

These things come up time and time again, time after time, and the State in its wisdom has been deciding what it thinks is the best situation. We would like for the State to continue to have that authority without any pressure from a piece of Federal legislation.

Mr. Meeds. What, perhaps, then we ought to do to carry out our intent under the Steiger bill, without naming them, just say that all agencies within a State have a manpower function or a manpower component.

Mr. Whitten. I think this would be a much better way to do it, and to encourage that such groups be brought into this agency, but not by name and by threat if you don't do it.

You see, that is the point.

Mr. Meeds. Sometimes we don't exactly need to threaten but we usually have to have a stick or a carrot.

And sometimes both.

Finally Mr. Whitten, I am very happy to see in your testimony recognition of the importance of this legislation for a public service component.

If there is any one or any group that has certainly contributed greatly to any public service programs that we have had, public service training programs, it has been the vocational rehabilitation agencies, certainly within my own State.

They have done a wonderful job of coordinating their efforts with the State public service employment, but clearly we have to do much more in this field. Clearly we have present economic circumstances so that, unless there is a very meaningful public service employment component to a manpower bill we are just not going to go very far.

Mr. Whitten. This is important.

Mr. Meeds. That is at least my feeling.

Mr. Whitten. I want to say again that your State has shown considerably more insight into some of the basic problems than many have. Years ago your State welfare department and the rehabilitation agency developed a program for what we called independent live-in services to people who might not be employable in a competitive sense.

It really served as a model for the country and taught us a lot. I think always we have to have States that are willing to go beyond the vision of Federal legislation if we are going to accomplish our goals, and I think the States will rise to the challenge under this bill and do something.

I have faith that they will.

Mr. Meeds. Thank you very much, Mr. Whitten. We appreciate your testimony, and as I said earlier, it has been most concise, and clearly shows a model for all three pieces of this legislation.

Mr. Whitten. Thank you, Mr. Chairman.

Mr. Meeds. Our next witness is Mr. Walter C. Helms, Jr., of Fairfax, Va., who appearing on behalf of the proposal to establish a Federal institute for manpower.

Mr. Helms was to be accompanied by three gentlemen but I understand they could not be here at the last moment.

STATEMENT OF WALTER C. HELMS, JR., FAIRFAX, VA.; ACCOMPANIED BY HUGH GORDON, COUNSEL

Mr. Meeds. I have been asked to extend to you Congressman Broyhill's regrets that he could not be here to introduce you. He had a schedule conflict.

Mr. HELMS. Thank you, sir.

Mr. MEEDS. Mr. Helms, you have your testimony. You may read your testimony, if you so desire, or you could summarize and we will place your written testimony in the record in full.

Mr. HELMS. I have these charts, here on the left, and I have some remarks prepared to accompany the charts. If it's your pleasure, I would like to use these charts to give you a picture of what we are talking about.

Mr. MEEDS. Is it also your desire that the charts be placed in the record?

Mr. HELMS. They are shown as exhibits in my prepared statement.

Mr. MEEDS. Very well, without objection, your testimony will be entered in full in the record at this point and you may proceed to summarize the testimony as you see fit, Mr. Helms.

Mr. HELMS. Thank you, Mr. Meeds. I am accompanied by Mr. Hugh Gordon, who will assist with this presentation.

As you have noted, the other gentlemen whose names appear on my statement are not here this morning. I would like to explain and to apologize for their not being here. We were scheduled to appear last Wednesday, the gentlemen had made arrangements to be in Washington. Unfortunately, Dr. Walsh is in Korea this week; Dr. Lee is involved with an Arizona vocational education research conference, and Dr. Hirsch could not get away from his office in San Francisco.

(The document referred to follows:)

PREPARED STATEMENT OF WALTER C. HELMS, JR., FAIRFAX, VA.

1.1 Current Situations

In his address to the Nation, August 8, 1969, the President observed:

> "In terms of its symbolic importance, I can hardly over emphasize this last point: For the first time, applying the principles of the New Federalism, administration of a major established Federal program would be turned over to the states and local governments, recognizing that they are in a position to do the job better."

Notably, under this policy, the current role of the Federal Government and its relationships with the states will be greatly altered. The Federal Government is committed to the New Federalism. Impacts and implications of the inevitable changes in Federal-State relationships will be extensive. The role of the Federal Government has been one of developing and administering national programs; the principal role of the States has been that of cooperating in the implementation and reporting of these programs. Under the New Federalism policy—and, as a case in point, the Manpower Training Act of 1969—the States will develop programs for Federal Government approval and supporting funds. The numbers of programs that can be developed by the 50 States could well exceed the numbers produced by the Federal Government. The shift of Federal Government responsibilities for program design and implementation to the States is likely to result in such an extensive proliferation of programs that one should question whether the Federal Bureaus will have the capacities to process these programs in a timely and efficient manner. Certainly, requirements for masses of management statistics and other information will be generated. This dependence upon statistics will affect Federal Departments' organizations, staffing and traditional modes of operations. It will be impossible to manually process all of the foreseeable thousands of programs and to evaluate such masses of information unless uniform requirements, regulations and standardized formats are devised—formats that are amenable to automatic data processing. This proposal outlines an organizational structure and the establishment of an information system by which these programs may be efficiently evaluated and processed.

The proposed Federal Institutes would bring to bear upon this problem those automatic data and other information processing technologies which are needed for successful implementation of the New Federalism programs. The advanced state-of-the-art in communications and automatic data processing now affords the means to design and implement educational and manpower systems of national scope—systems of clear national visibility and utility. Given such clear visibility, managers and administrators can evaluate and improve—or terminate—federally supported programs. Given such clear visibility, interdependent manpower, education, and training programs can be integrated as total national systems and subsystems.

The President has described higher education programs as ". . . disjointed. ill-directed, and without a coherent, long-range plan." In his message to The Congress, he requested—Reform of the Welfare System, Manpower Reform, Social Security Reform, Reform of the Grant-in-Aid system, OEO Reform. Though the President has called for reform and innovation, there is no national information system—such as set forth in the proposed Federal Institutes concept—described in pending legislation . . . The Federal Institutes Integrated Data Systems For Federal Assistance Programs will provide the national data collection network; the Clearinghouse Automated Information Processing Computer Center will provide data and the means for analysis and evaluations of affected programs—this data could provide the bases for effective, evolutionary reforms.

The need for integrated and coordinated Federal-State information networks is clearly apparent; the requirement for valid information cannot be overstated. To meet these twin needs for a management information system and the means to develop and disseminate new knowledge and valid information on new technologies, it is proposed that the Federal Institutes for Manpower, Education, and Training be established. A charter for these Institutes has been drafted—Executive Order, Establishment of a Federal Commission and Federal Institutes for Manpower, Education and Training, exhibit 4.0

2.0 *Functional Description of the Federal Institutes for Manpower, Education, Training*

2.1 *Authority and Direction*

The Federal Institutes could be established: by an Executive Order, as in exhibit 4.0; by amendments to either the proposed Manpower Training Act of 1969, or the National Institute of Education Act or both; or by a Federal Institutes for Manpower, Education, Training Act. Direction of the Federal Institutes would be accomplished under either of three alternatives—depending upon the preference of the Executive and Legislative Branches of the Government.

Alternative I.—Executive Office of the President, Office of the Vice President, Federal Commission on Manpower, Education, Training, Federal Institutes for Manpower, Education, Training.

Alternative II.—Executive Office of the President, Office of the Vice President, Domestic Affairs Council, Federal Institutes for Manpower, Education, Training.

Alternative III.—Executive Office of the President, Office of the Vice President, Domestic Affairs Council, Bureau of Management and Budget, Federal Institutes for Manpower, Education, Training.

2.2 *Organization*

The organization of the Federal Institutes is presented in exhibit 4.0, as essentially a management and administrative structure, and a line organization consisting of three major operational organizations, the Clearinghouse and the Directorates of Systems Innovations, and Policy Analyses and Special Studies. This organizational structure is depicted in exhibits 3.21, 3.22, 3.23. The management and administrative structure is rather typical of such structures and functions associated therewith are indicated by the organizational titles. Accordingly, only the missions and roles of the Clearinghouse and the two Directorates need be discussed in the following. See Figure I, page 3A.

2.21 *The Clearinghouse (CHARTE) Functions*

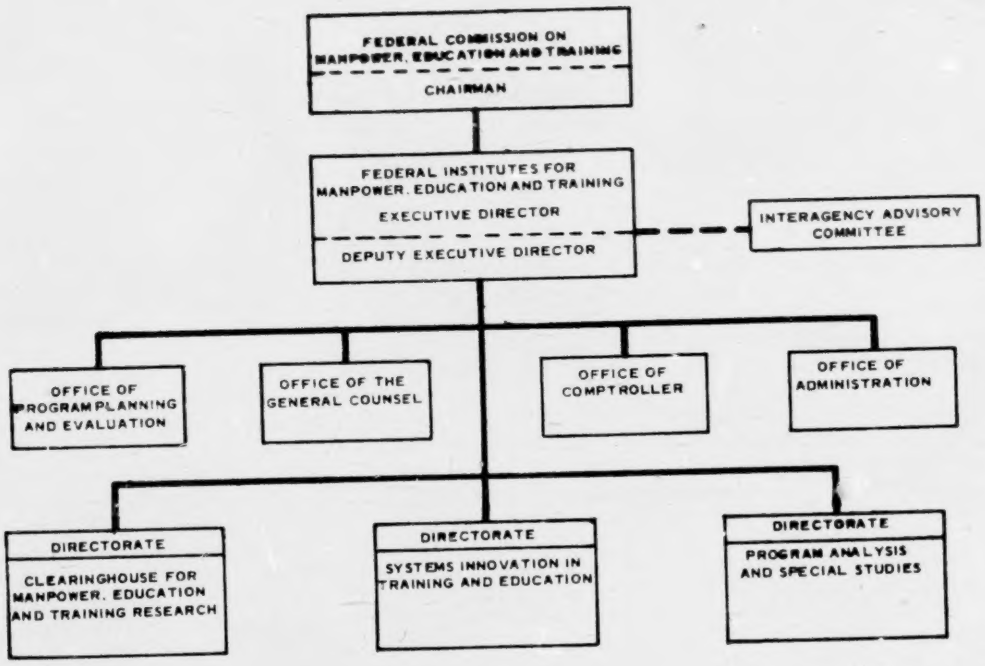
FEDERAL COMMISSION ON MANPOWER, EDUCATION AND TRAINING
CHAIRMAN
FEDERAL INSTITUTES FOR MANPOWER, EDUCATION AND TRAINING
EXECUTIVE DIRECTOR
DEPUTY EXECUTIVE DIRECTOR
INTERAGENCY ADVISORY COMMITTEE
OFFICE OF PROGRAM PLANNING AND EVALUATION
OFFICE OF THE GENERAL COUNSEL
OFFICE OF COMPTROLLER
OFFICE OF ADMINISTRATION
DIRECTORATE
CLEARINGHOUSE FOR MANPOWER, EDUCATION AND TRAINING RESEARCH
DIRECTORATE
SYSTEMS INNOVATION IN TRAINING AND EDUCATION
DIRECTORATE
PROGRAM ANALYSIS AND SPECIAL STUDIES

Figure I

This is the information processing center of the Federal Institutes. See exhibits 3.4 and 3.21. Its mission is: to direct, operate, manage and control the complex of automatic data processing facilities and supporting communications which interface with the States' Clearinghouses and other authorized subscribers (universities, industries, and approved organizations); to receive, index, abstract, process, store, update, retrieve, display, reproduce and distribute federally supported programs developed by the states and interdependent and supporting organizations; to perform analyses of these programs and federal regulations, procedures, and requirements; to devise and develop standardized computer programs for use by the Federal and State Clearinghouses in reviewing and processing of programs; to develop and maintain an extensive and comprehensive management and research information system to meet information needs of the Executive and Legislative Branches of the Federal Government, the States, and other authorized users of this facility; to maintain a competent staff—and provide the services—of such—specialists in manpower, education, and training and interdependent programs, e.g., poverty, welfare, social security.

The Clearinghouse mission will be accomplished through the following organizational entities, performing the roles indicated by titles and functions associated therewith.

2.211 *Integrated Data System for Federal Assistance Programs* (*IDS*)

This IDS capability already exists in the Federal Telecommunications System (FTS) Advanced Record System managed by the General Services Administration. The FTS includes voice, record, facsimile, and data communications over voice circuits. The FTS could provide the means for high speed information transmission between Federal and State Clearinghouses. (Reference BOB Circular No. A-95, Evaluation review, and coordination of Federal assistance programs and projects; and, BOB Circular No. A-90, Cooperating with State and local governments to coordinate and improve information systems.) It is expected that this network, exhibit 3.3, would be used only where the requirement for high speed data justifies the cost. The network would complement—not supplant—usual means for exchanges of such information. Exhibit 5.0 is an excerpt from BOB Circular No. A-90. This reflects the benefits and potential for a Federal-State Integrated Data System. Exhibit 3.3 depicts the IDS.

A small staff of communications engineers and specialists would plan, manage, and direct telecommunications using established Federal networks between the Federal Institutes Clearinghouse and the State Clearinghouses.[1]

2.212 *Automated Information Processing Computer Center (AIPC)*

The AIPC, exhibit 3.4, would receive, index, abstract, process, store, update, retrieve, display, reproduce, and distribute: Federal and State current and projected programs, records, rules and regulations, statistics, special projects descriptions, status reports, research studies, financial plans, budgets, and projections; education and training facilities designs, plans, costs and standards; abstracts, bibliographic indices and references, and catalogs of selected materials and media.

The AIPC would provide the space and personnel to program and operate the National Computerized Job Bank, using the computer on a time-shared basis. (It is not necessary to have separate computer facilities.) The IDS would provide the data exchange network for maintaining job data up-to-date (within 24-hours, or less, currency.) This assistance would be accomplished as a staff service to the Department of Labor; that Department would exercise sole decision authority over employment data input and output.

The AIPC would be staffed to plan, direct, and operate a large scale computer system. This system could support 150 interactive communications terminals in the Information Analysis Centers and other remote terminals. Approximately 75 of these remote query stations would be able to interrogate the computer simultaneously. The interactive communications terminals would be located in Federal, State and other authorized subscriber installations. High speed printers would be installed in the AIPC and the IACs. Search, retrieval and display workloads could be reduced (from current manual processing levels) through use of an analog magnetic-tape-storage—or microform—systems operated under computer control. Use of microfilm reader/printers is another means to facilitate retrieval and dissemination of stored documents. The AIPC could provide a wide range of automatic data processing services, improve responses to the subscriber community, and produce extensive economies.

The IAPC programming would include a special purpose document search program operating under a time-sharing executive. This would expedite responses by accelerated identification of documents and formatted replies. Additionally, subset programs could be developed thus minimizing time consuming effort required to reformulate searches when first efforts are not satisfactory.

A data management system (DMS) would be developed and all user organizations would be encouraged to use this. Wide adoption of a compatible management system is essential for effective integration of the data network and attainment of inestimable savings in Federal and State Information Systems. Delays in commencing this work will result in severe financial penalties, particularly if the various information centers install non-compatible hardware and software systems. Federal Grants to State or local agencies for the purchase or acquisition of necessary equipment for information systems should be contingent upon their procurement of system compatible hardware and software. The Federal Government should prescribe the standards and specifications. Substantial lead time is required for this.

Given compatible system hardware and software, the AIPC staff would develop and establish, with the concurrence of the affected Federal and State organizations, a formatted file system (FFS). This would assure the orderly and logical structuring of all essential operational, evaluation, and historical management data. Systematic analyses of reports and records required for management of the manpower, education, and training programs will result in identification of all common management data elements. This information will be useful in designing and maintaining the integrated data system. It will: minimize duplication of reports, data, procedures, and regulations; promote accuracies and validity of data, and provide a comprehensive data base for efficient and effective management, direction, and control of these programs by Federal and State governments.

A general purpose time-shared data management program would be prepared for building management data bases, retrieving from these data bases and generating reports from the data. This program would provide rapid responses to requests from remote terminals. A cathode ray device would be included in the Information Analysis Centers and in some remote terminals for displaying management and other statistical data.

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[1] The FBI National Crime Information Center is an example of such a national telecommunications network and information centers.

The AIPC would be linked to other documentation and information centers as appropriate. Typical of these centers are: the Defense Documentation Center, the National Library of Medicine, the Clearinghouse for Federal Scientific and Technical Information, National Referral Center for Science and Technology, and the Educational Resources Information Centers of the USOE.

2.213 *Information Analysis Centers (IAC)*

An IAC would be co-located with the CHARTE AIPC. See exhibits 3.5 and 3.6. Additionally, an IAC would be required in the Department of Labor, the Department of Health, Education and Welfare, and the Office of Economic Opportunity. Other Federal and State organizations could interface with and use the larger computer capabilities of the CHARTE AIPC. The larger IACs might include a closed circuit television installation, a small computer with input-output and display capabilities. The Departments would work with the CHARTE computer system using their IACs to receive, transmit, recall, update, and evaluate master copies of programs and records stored in CHARTE. In practice, the use of this system would be as convenient for the Departments as if the CHARTE large system were installed within the respective Department. H.R. 13472 requires the Secretaries of Labor and HEW to coordinate on certain programs; centralized storage of these programs and retrieval through the IACs should facilitate the exchange of programs and the coordinating process.

Installations of IACs in other Federal Departments might include: the Equal Employment Opportunity Commission, Department of Commerce, DOD, DOT, NASA, HUD, USCSC, etc. The States would include IACs at the State Clearinghouses and—if desired—at Regional and local government levels. The detail of information stored at the Federal and State AIPCs would vary with the information requirements at these levels. However, establishment of a visable information hierarchy would facilitate searching and retrieval of data and reduce storage costs, space, and time.

2.214 *Information Clearinghouse*

Essential functions of the Clearinghouse include: dissemination of educational research findings throughout the Nation (as proposed in H.R. 13472); dissemination of rules, regulations, and legal decisions on these affected Federal programs, dissemination of program changes (revisions, amendments, etc.); and maintaining a comprehensive and timely system of labor market information dissemination. The Directorate for Policy Analyses and Special Studies will perform analyses of market information and provide these analyses to the Clearinghouse for dissemination. Additionally, a comprehensive body of information on research will be provided by the Directorate of Systems Innovations.

The programs, plans, projects, abstracts, studies, records, and reports stored in the AIPC will constitute an invaluable source of information and reference for managers, administrators, designers, researchers, and scholars in Federal and State governments, in businesses, industry and other organizations.

2.220 *Directorate of Systems Innovations in Training and Education (SITE)*

The mission of this Directorate is to conduct, support, coordinate, encourage, analyze, evaluate, and disseminate the results of studies, research, experiments and pilot projects in education, training, and manpower related technologies. See exhibit 3.7. The Directorate will maintain information on all federally financed research and provide periodic reports on the status of funding and achievements.

2.221 *National Institutes for Education, Manpower, Training*

The Institutes will be confronted at the outset with three major difficulties in meeting the need for information in these program areas. In order to exert any significant influence upon on-going programs, to develop and promote the exploitation of innovations and new educational systems, technologies, facilities, curricula and practices, comprehensive and meaningful data are imperatively needed. Collection of comprehensive and meaningful data is complicated by the sheer magnitude and complexity of the programs, wide geographical dispersion with varying intensities of education and manpower development programs (e.g., industrial versus farm areas); the numbers of agencies and levels of government involved; coordination in efforts to obtain data; legal statutes; federal, state, and other organizations' rules and regulations.

Concerted approaches to these problems must be devised. Independent efforts by educational specialists, manpower specialists, and training specialists only further fragment the problem. Rather, it is necessary for specialists in these disciplines to work in concert, to approach these programs as integral components of subsystems comprising the total system—or, possibly a network analogy would be more appropriate. Through systems analysis and modeling techniques, new approaches and methods can be discovered and applied with success. As the Federal Institutes is information-systems oriented, it appears most appropriate for these staffs to work together in this environment and to find new solutions to old problems; avoid perpetuating the mistakes of the past in new approaches; to plan, design, and engineer programs for the highest assurable excellence.

Opportunities for achieving excellence appear to be best when Federal employees and scholars in various interrelated disciplines work together in the Institute environment, employing the Clearinghouse information, and the data processing capabilities of the AIPC. Taken in conjunction with the work of the Federal Research Center, the Demonstration Laboratories, the Educational Resources Information Centers and the work of the Directorate for Policy Analyses and Special Studies, the attack on problems in education, manpower, and training programs and the planning for a goal of national excellence could hardly be launched under more favorable conditions.

2.222 *Federal Research Center for Education, Training, Manpower (FRC)*

The FRC will be the focal point for all research by these Institutes. The FRC would advise and assist the Institutes in the planning, implementation, coordination and evaluation of educational, training, and manpower development research. Additionally, the FRC must possess the capabilities to perform research in all appropriate technologies and disciplines. Through such performance the staffs will be kept abreast of the state-of-the-art. Through the Demonstration Laboratories and exchanges of information with ERIC, the FRC would be responsible for disseminating research information and technological development data at regional levels. Exhibit 3.7 depicts the integration capabilities of these SITE organizations.

Staffing of the Institutes and the FRC would include temporary or permanent assignments of a limited number of Department of Labor Office of Project Evaluation and Research, and Department of HEW Bureau of Research, and Office of Economic Opportunity staffs. These staffs would contribute valuable information to the Institutes and, in turn, would derive substantial benefits from exposure to the dynamic work of the FRC. Further, co-location of these research management staffs would promote better coordination, management, direction, and control of the research programs of these three organizations.

2.223 *Demonstration Laboratories*

Establishing the Demonstration Laboratories within the organizational framework of the Directorate for Systems Innovations appears to be a most logical and effective arrangement. As indicated by exhibit 3.7, the similarities in functions and complementing arrangement argues for integrating the Educational Resources Information Centers (ERIC) within this framework. The role of the Resources Information Centers could be expanded to include manpower and training research information. These Regional Clearinghouses should be internetted with the Federal Institutes Clearinghouse data base. Extensive exchanges of research information could take place; this internetting would bring the Federal Institutes Clearinghouse extensive information resources closer to the States and other authorized users of the system. The greatly enhanced capabilities of the ERIC Regional Centers, operating in conjunction with the Demonstration Laboratories, is a potential great value for education, manpower, and training programs. Such an arrangement would promote integrated approaches to manpower development in the manner proposed by the President in the Higher Education Opportunity Act of 1970.

2.23 *Functional Description of the Directorate of Policy Analysis and Special Studies*

Given the totality of information and computer modeling and data processing capabilities of the CHARTE organization, and the research and program planning, management, direction, and implementing capabilities of SITE, the opportunities for vitally significant indepth studies, analyses, and long range projections will exceed such opportunities currently available. This is the role, the responsibility of this Directorate.

The need for reform is clear; this proposal attempts to outline some means for reform. New organizations, new policies, indepth evaluations and discontinuance of ineffectual programs and organizations are required. Long range systems oriented programs have been requested by Members of the Congress and the President. The Directorate for Policy Analyses and Special Studies will provide new design information, will propose new policies and programs, and will project long range national requirements. In a manner somewhat analogous to the National Science Foundation but, with emphasis perhaps more on near term applications, this proposed organization will provide the illumination and identify the guideposts and milestones along the continuum of manpower development.

2.231 *Institute for Intergovernmental Programs Evaluation*

The Congress has identified more than a thousand programs conducted by a majority of the separate Federal Agencies and Departments—H.R. Document No. 91–177, 91st Congress, 1969, Listing and Operating Federal Assistance Programs compiled during the Roth Study. In his message transmitting Reorganization Plan No. 2 of 1970, the President stated: "Yet nowhere today is modern management more needed than in the government itself." Congressman William V. Roth has stated: "No one anywhere, knows exactly how many federal programs there are." 144 pages of the Congressional Record were required to list the known federal aid programs. The Congressman has introduced the Program Information Act (H.R. 338.5.60) which would require publication of a catalog of such programs and updating of the catalog. Certainly, there is overwhelming evidence of the need for evaluation of Federal support programs. This Institute would address only those programs within the scope of this proposal.

The Institute would be a prime instrumentality for: reducing duplication, monitoring performances, promoting greater efficiency, and, effecting calculated, engineering reform. Clearinghouse information will comprise a valid and extensive source of information for initial evaluation. As new programs, projects, and other Federally financed efforts are planned, the Intergovernmental Assistance Programs Evaluation Directorate would review all major funded undertakings of a comparable or interdependent nature; would construct evaluation plans to monitor the performances of the new programs and projects, and would make recommendations as to the continuance or termination of programs. Directorate recommendations would be presented to the Federal Department having primary responsibility for such new programs.

The Institute would cooperate with the Federal Department and Agencies and assist with preparation of national programs test and evaluation plans. It would cooperate with these Federal and State organizations in the comprehensive review and coordination of Federal assistance programs and projects in the manner described by BOB Circular No. A–95, July 24, 1969. It would contribute to the development of a *project notification and review system*—as described in the BOB Circular—to facilitate coordinated development planning on an intergovernmental basis. The Institute would perform other services at the will of the Congress and the President.

2.232 *Institute for Poverty, Welfare, and Social Security Studies*

Manpower development must be planned with reference to all of the interdependent programs. Educational planning and resources are not required just to provide education. Such planning and resources are required to help prepare individuals to participate fully in the opportunities offered by this Nation and to realize their capabilities; to pursue their ambitions and goals in full awareness of the socio-economic environment of which they are a part, for which they have some responsibilities and by which they are most significantly affected throughout their lives. Though this premise may be stated in countless ways, many different organizations are now attempting to treat adequately with the principles basic to this premise. The President's observations on poverty and welfare usually refer to concepts of moving welfare recipients through education and training processes into employment roles where the individuals can enjoy more fully the dignity and freedom of a wage-earner. Accordingly, it appears there must be systematic means of planning for all elements of these interdependent programs to use public assistance program information in the design of manpower development systems.

This Institute would explore and define the characteristics and effects of these interdependent programs; would seek to develop "economic stabilizer contingency plans" and bases for prescriptive programs and policies; would attempt to provide: the techniques and knowledges required for more scientific analyses of problems and causes. Through these efforts it is expected that more efficient and effective management direction and control of new programs could be achieved. Manpower development undertakings could be linked more closely with economic development and job opportunities planning. This Institute would be responsible for the essential coordination of the Federal Institutes operations in these related areas with other Federal and State organizations. Using the resources of the Intergovernmental Assistance Programs Evaluations Institute, the above Institute would perform extenstive diagnostics and would attempt forecasts of social and economic problems—to establish, as it might be, an early warning system.

2.233 *Office of National Programs and Systems Modeling and Integration*

The complex totality of Federal, State and private and business sectors programs has defied attempts at comprehensive documentation and systematic treatment. If Federal resources provided for these programs are not to be exhausted without attaining the desired objectives, a beginning must be made either prior to or coincident with new legislation and funding. The task at hand compares with ongoing systems and modeling studies in ecology, environment, ntional transportation systems, worldwide military logistics systems and other programs of such national complexity. The point is, we can attack such complexes with meaningful results, we are now doing this in areas other than those addressed for the proposed Federal Institutes.

Manpower, education, training and interdependent programs to be modeled would be those acquired in the Federal Institutes Clearinghouse and those under development by the Institutes for Manpower, Education, Training. Extensive evaluation and technical descriptive data will be developed by the Institute for Intergovernmental Assistance Programs Evaluation. Information on other research and development programs will be available in the Federal Research Center and the Demonstration Laboratories. The Institute for Poverty, Welfare and Social Security will require numerous models of these socio-economic—these domestic—situations. In his message on legislative programs, October, 1969, the President alluded to the ". . . mechanics and engineers of government who retool and improve its machinery, . . . planners and the idea men who develop new programs and agencies." This Office would be the "workshop" where the mechanics engineers and idea men experiment with models of new programs; one of their most valuable "tools" would be the CHARTE Computer Center where these models would be exercised and data collected for indepth analyses.

This Office would design models of the complex of significant national (Federal, State, industry, universities) programs. Such models—as components of the total national system—will be exercised in various scenarios in order to determine costs and benefits; to evaluate risks and probabilities for success of new programs; to project the nature of performances and to examine the consequences; to examine the potential effects of new Federal organizations, policies, priorities, and goals in those programs within the purview of the Federal Institutes. As comprehensive models of national systems are designed, tested and validated, the potentials for integrating various subsystems can be studied. The data from such studies will provide more effective foresight to those who project national goals, design national programs, and account to the country for the results of these works. The President has announced his plan for a Domestic Affairs Council, the Office of National Programs and Systems Modeling and Integration would provide invaluable assistance to this Council and to other Federal and State organizations attempting to plan today for the most effective employment of our resources in the near-time-frame.

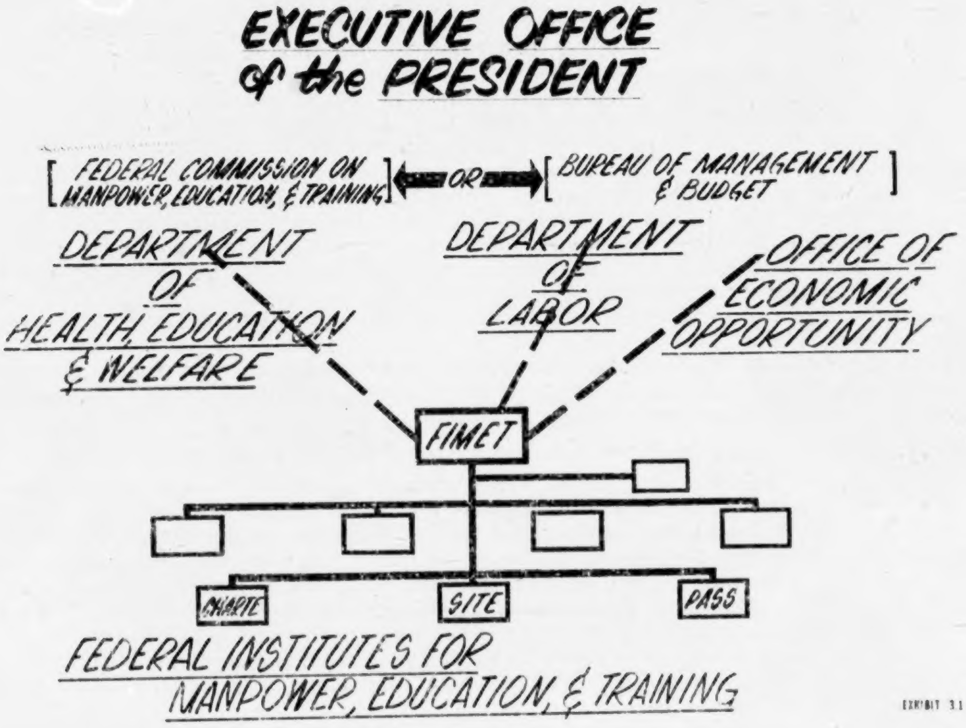
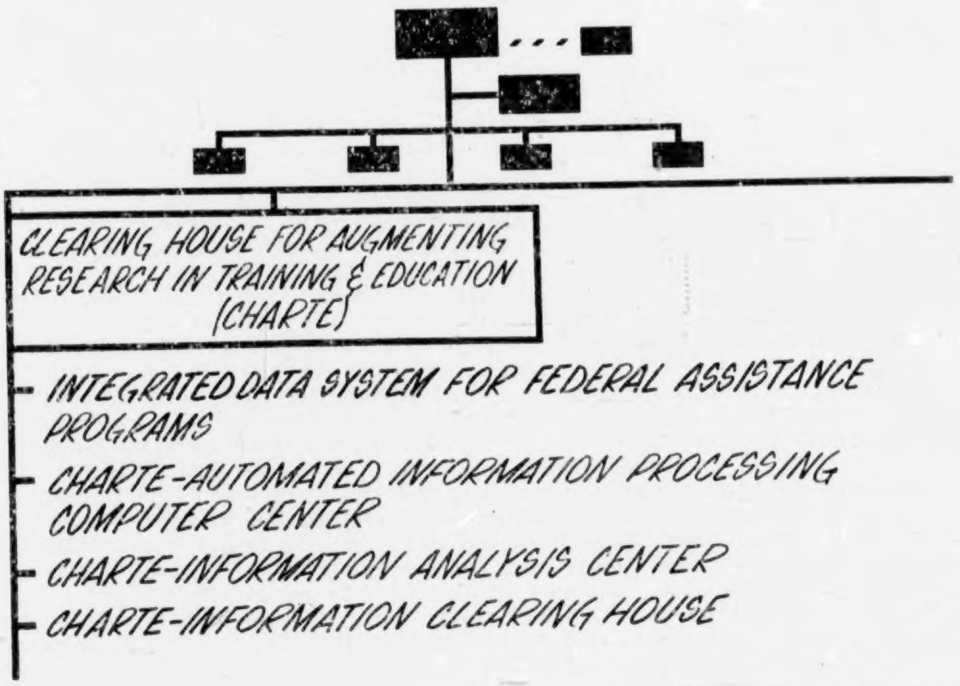

EXECUTIVE OFFICE of the PRESIDENT
[FEDERAL COMMISSION ON MANPOWER, EDUCATION, & TRAINING]
OR
[BUREAU OF MANAGEMENT & BUDGET]
DEPARTMENT OF HEALTH, EDUCATION & WELFARE
DEPARTMENT OF LABOR
OFFICE OF ECONOMIC OPPORTUNITY
FIMET
CHARTE
SITE
PASS
FEDERAL INSTITUTES FOR MANPOWER, EDUCATION, & TRAINING

EXHIBIT 3.1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INTEGRATED DATA SYSTEM FOR FEDERAL ASSISTANCE PROGRAMS
CHARTE-AUTOMATED INFORMATION PROCESSING COMPUTER CENTER
CHARTE-INFORMATION ANALYSIS CENTER
CHARTE-INFORMATION CLEARING HOUSE

EXHIBIT 3.2

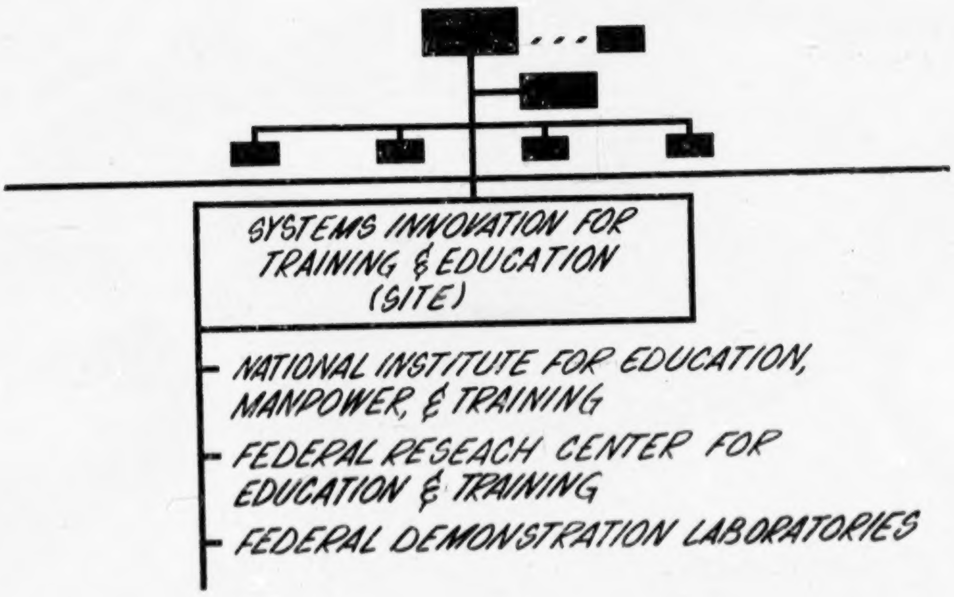

SYSTEMS INNOVATION FOR TRAINING & EDUCATION (SITE)
NATIONAL INSTITUTE FOR EDUCATION, MANPOWER, & TRAINING
FEDERAL RESEACH CENTER FOR EDUCATION & TRAINING
FEDERAL DEMONSTRATION LABORATORIES

EXHIBIT 3.22

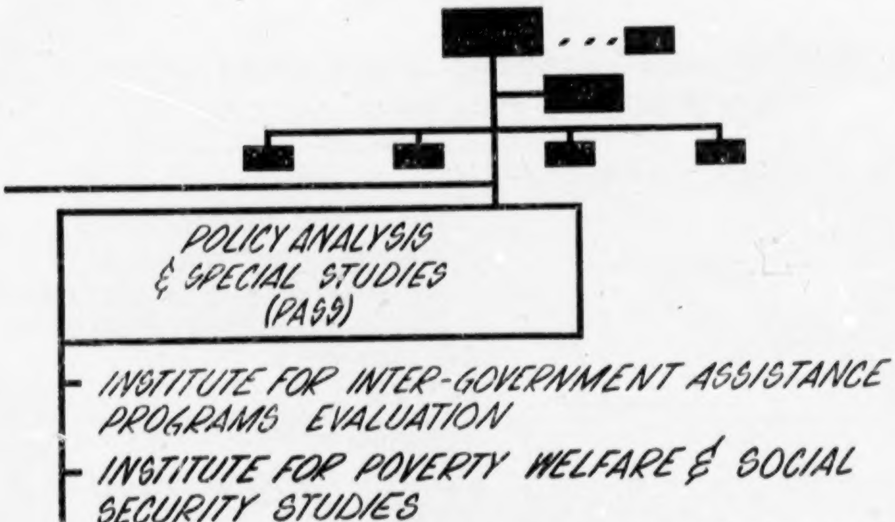

POLICY ANALYSIS & SPECIAL STUDIES (PASS)
INSTITUTE FOR INTER-GOVERNMENT ASSISTANCE PROGRAMS EVALUATION
INSTITUTE FOR POVERTY WELFARE & SOCIAL SECURITY STUDIES
OFFICE OF NATIONAL PROGAMS & SYSTEMS MODELLING & INTEGRATION

EXHIBIT 3.23

CHARTE INTEGRATED DATA SYSTEM

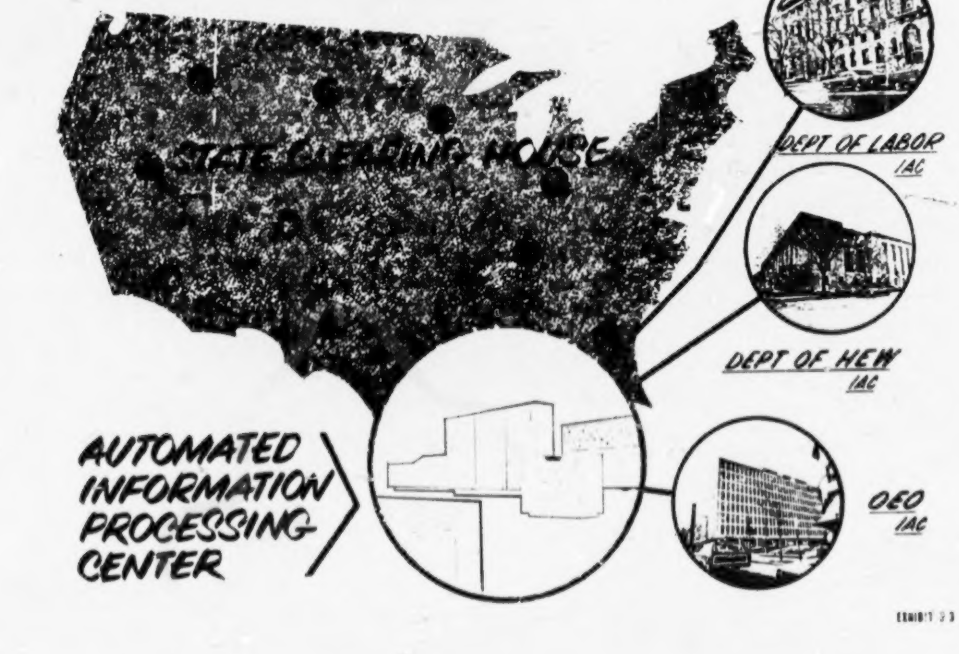
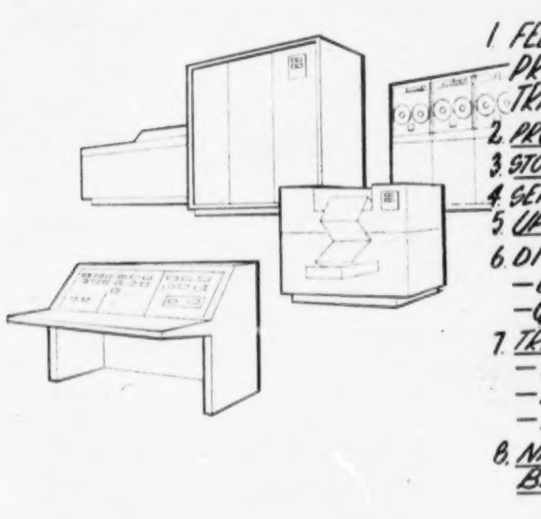

STATE CLEARING HOUSE
DEPT OF LABOR
IAC
DEPT OF HEW
IAC
AUTOMATED INFORMATION PROCESSING CENTER
OEO
IAC

EXHIBIT 33

CHARTE AUTOMATED INFORMATION PROCESSING CENTER (AIPC)

TYPICAL AIPC CONFIGURATION



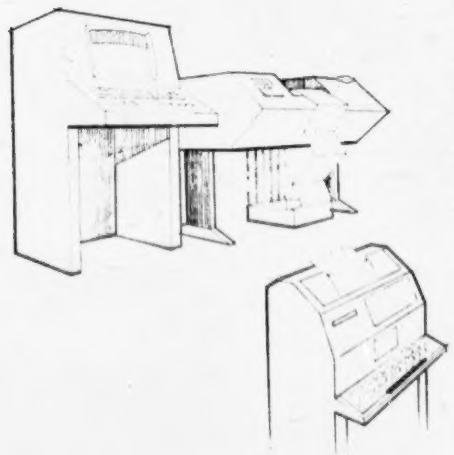
AIPC PROCESSING CAPABILITIES

1. FEDERAL & STATE APPROVED PROGRAMS (MANPOWER, EDUCATION TRAINING, EMPLOYMENT, WELFARE)
2. PROCESSING:
3. STORAGE:
4. SEARCH RETRIEVE REPRODUCE
5. UPDATE
6. DISPLAY (INTRA-INTERSITE)
   - CCTV
   - QDC
7. TRANSMIT
   - TAPE TO TAPE
   - DIGITAL DATA
   - FACSIMILE
8. NATIONAL COMPUTERIZED JOB BANK (REAL TIME)

EXHIBIT 34

FEDERAL DEPARTMENTS INFORMATION ANALYSIS CENTERS (IAC)

TYPICAL IAC CONFIGURATION

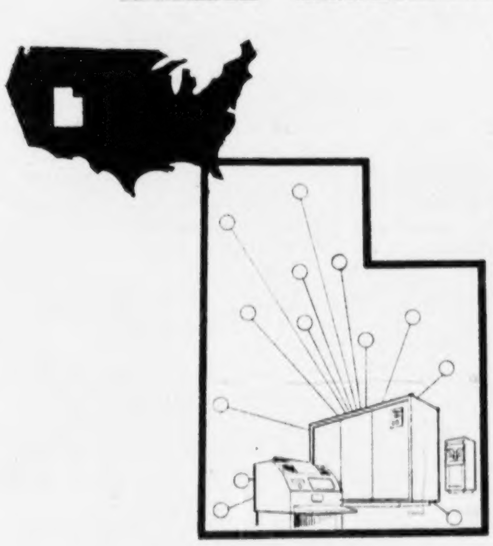


IAC FUNCTION CAPABILITIES

1 AIPC DATA BASE QUERIES
2. CCTV DISPLAY & REMOTE RECEIVE/TRANSMIT DATA TERMINAL
3 FACSIMILE TRANSMISSION
4. FEDERAL/STATE CENTRAL DISTRIBUTION POINT
5. TRANSMISSION, NEW FEDERAL & STATE PROGRAMS
6. ANALYSE & MONITOR CHANGES TO STORED PROGRAMS
7. PREPARATION OF DATA BASE RESEARCHES & MANAGEMENT STATISTICS
8. PREPARATION OF COMPUTER MODELS OF NATIONAL PROGRAMS

EXHIBIT 35

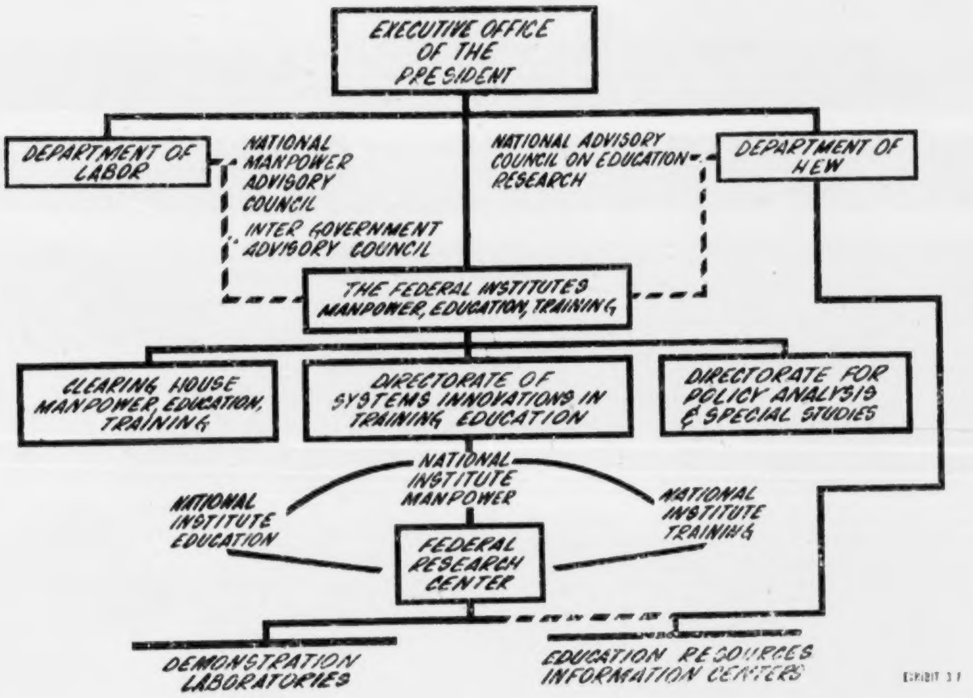
STATE CLEARING HOUSES



CLEARING HOUSE CAPABILITIES

1 STATE, REGIONAL & MUNICIPAL GRANT IN AID PROGRAM STORAGE
2. PROCESSING
3 STORAGE
4. SEARCH RETRIEVE REPRODUCE
5 UPDATE
6. DISPLAY (INTRA & INTERSTATE)
 —CCTV
 —QDC
7. TRANSMIT
8. STATE COMPUTER JOB BANK

EXHIBIT 36


EXECUTIVE OFFICE OF THE PRESIDENT
DEPARTMENT OF LABOR
NATIONAL MANPOWER ADVISORY COUNCIL
INTER GOVERNMENT ADVISORY COUNCIL
NATIONAL ADVISORY COUNCIL ON EDUCATION RESEARCH
DEPARTMENT OF HEW
THE FEDERAL INSTITUTES MANPOWER, EDUCATION, TRAINING
CLEARING HOUSE MANPOWER, EDUCATION, TRAINING
DIRECTORATE OF SYSTEMS INNOVATIONS IN TRAINING EDUCATION
DIRECTORATE FOR POLICY ANALYSIS & SPECIAL STUDIES
NATIONAL INSTITUTE MANPOWER
NATIONAL INSTITUTE EDUCATION
NATIONAL INSTITUTE TRAINING
FEDERAL RESEARCH CENTER
DEMONSTRATION LABORATORIES
EDUCATION RESOURCES INFORMATION CENTERS
EXHIBIT II

ESTABLISHMENT OF A FEDERAL COMMISSION AND FEDERAL INSTITUTES FOR MANPOWER, EDUCATION AND TRAINING

By virtue of the authority vested in me as President of the United States, it is hereby ordered as follows:

SECTION 1. Scope. Acts of Congress leading to the successful passage of social, economic, and educational legislation have provided the Federal Government with unprecedented opportunities for promoting and continuing the advancement of the welfare and progress of this country. Such great opportunities are attended by comparable management responsibilities which exceed all previous demands of this character upon the responsible government agencies and departments. The Federal Government is confronted with situations which challenge to the utmost its managerial and administrative capabilities. Such unique opportunities and responsibilities demand innovative approaches. Accordingly, there will be established a Federal Commission on Manpower, Education, and Training. That Commission will direct the establishment and monitor the operation of the Federal Institutes for Manpower, Education, and Training. The proposed roles and missions of the Institutes are stated in Exhibit I. A preliminary organization chart is provided in Exhibit II.

SEC. 2. Commission Organization. The Secretary, Department of Health, Education, and Welfare will serve for a period of the first two years as Chairman of the Commission. Under the direction of the Commission, a schedule will be established for succession in such manner that heads of federal agencies and departments with major responsibilities for federal manpower, education and training programs will alternate biennially as Commission Chairman.

The Federal Commission will be composed of: Secretaries of the Departments of Health, Education and Welfare; Department of Defense; Department of Labor; Department of Commerce; Department of Agriculture; and Directors of the Bureau of the Budget; National Science Foundation; Peace Corps; Chief of the Office of Economic Opportunity; and, Chairman, U.S. Civil Service Commission. The Chairman, President's Committee on Manpower, and, Chairman, President's Committee on Education will be non-voting members of the Commission.

The Secretary of the Department of Health, Education, and Welfare will organize and establish the Federal Commission on Manpower, Education and Training. Working through that Commission, the Secretary will establish within ninety days (90) of this Executive Order date the Federal Institutes for Manpower, Education and Training. Upon accomplishment of this task, the Secretary will be relieved of these responsibilities by the Commission and the Executive Director of the Institutes.

SEC. 3. Commission Responsibilities. The Commission will review the proposed charter responsibilities of the Institutes, Exhibit I, and revise these responsibilities in such manner as will best assure the most effective functioning and accomplishment of the intents of these proposed responsibilities by this governmental instrumentality.

The Commission will define the basic organizational structure of the Institutes and periodically review major organizational changes proposed or implemented under the direction of the Institutes Executive Director. The Institutes are intended to function as an independent organization, exercising authoritative direction and control over its roles and missions and reporting to the Commission and through the Commission to the Presidential Cabinet. An Executive Director, assisted by a Deputy Executive Director, will provide direction and control of the Institutes. Major organizational components will be staffed by Directors. Selection of the Executive and Deputy Executive Directors will be accomplished through Commission review and approval. The Secretary, Department of Health, Education and Welfare, will initiate actions to obtain candidates for these positions. Following their selection, the remaining Institutes positions will be staffed under the direction of these two officials.

SEC. 4. Institutes Functions and Resources. The Federal Institutes for Manpower, Education and Training will become a national focal point and clearinghouse for the study and dissemination of information concerning federal manpower, education, and training policies and programs; instructional technology, methodologies and media; and will provide technical professional suport and advisory and staff assistances of an interagency nature. The Institutes will devote staff capabilities to areas of research review and exploitation not being pursued by other agencies and departments and will monitor manpower, education and training programs, providing consultative and staff assistance to federal agencies and departments in promoting coordination, integration and evaluation objectives. The most valuable product of the Institutes will be in the form of reports and personnel staff support, advice and assistance provided on an interagency basis and throughout the government. Responsibilities of the Institutes will follow the line of federal responsibilities extending into the nation's industries, labor, and educational organizations and institutions. Institute staffs will direct their efforts to the problems and programs of a single agency when requested and will under its own direction undertake studies and prepare reports on interagency matters. Concentration will be in those areas where interagency cooperation will result in greater effectiveness and progress.

Staffing of the Institutes should include persons most well qualified and presently assigned to and familiar with these programs in the federal agencies and departments represented on the Commission. These personnel will be assigned for a temporary period of approximately two years. At the expiration of this assignment, they may return to their sponsoring agency, apply for permanent assignment with the Institutes, or transfer to another government agency or department where experience in the Federal Institutes may be usefully implemented in programs of that agency or department. Additionally, the management staff of the Institutes will recruit through the U.S. Civil Service Commission a permanent staff of the most highly qualified professional personnel available for appropriately classified and graded positions. Fellowships may be arranged for citizens of the United States and foreign countries. The Commission will determine the number of positions to be staffed by the respective departments and agencies and shall review, at least annually, and approve, higher level organizational staffing requirements.

The Institutes will provide highly specialized professional and valuable services to federal agencies and departments. The expenses of operating the Institutes will be borne by these agencies and departments pending alternative arrangements. The Commission will within one year after establishment of the Institutes propose means for financing the Institutes. The Commission will establish an appropriate budget for the Institutes for fiscal year 1971 and in the event the Commission decides to continue financing the Institutes through assessments of federal agencies and departments, the Commission will assess the financial support to be funded by the respective departments and agencies. The Secretary, Department of Health, Education and Welfare will provide funds for the Institutes operation through fiscal year 1970.

It is desired that the Institutes management organization be housed within the District of Columbia, or in a location in adjacent states convenient to the federal agencies and departments. The General Services Administration will propose to the Commission an appropriate location for the Institutes. While the management staff, which will work with agency and department officials in Washington, should be retained in this area, it is recognized that some of the Institutes functions may be accomplished more effectively in regional centers throughout the United States, and possibly in some foreign countries. The Institutes Executive Director will submit recommendations to the Commission in these respects.

SEC. 5. Executive Guidance. The performance and contributions of the Federal Institutes for Manpower, Education and Training will be of critical value and interest throughout all levels of the federal government. The Commission and the Executive Director of the Institutes must be responsive to national problems in these appropriate areas and to requirements levied upon the Institutes by federal agencies and departments. Reports of Institutes significant accomplishments, and other matters of progress, and recommendations are to be submitted through the Commission to the Vice President, as appropriate. In this respect, reports and recommendations by the Institutes will be utilized as appropriate by federal agencies and departments in the achievement of efficiencies, effectiveness, and service to the country.

THE WHITE HOUSE,
July 1969.

EXHIBIT I

Roles and missions of the Federal Institutes for Manpower, Education and Training (hereinafter referred to as the Institutes) are:

1. To establish and operate a government Clearinghouse for Augmenting Resources for Training and Education. The staff of the Clearinghouse will—

(a) Working with Federal and State organizations and appropriate non government organizations, develop and operate an inter-netted system for exchanges of information on training and education research projects, programs, media and instructional technologies. Devise, in effect, a national training and educational communications network, utilizing computer state-of-the-art technology for information processing, storage, retrieval and dissemination, thus promoting continuing active liaison, coordination and interchanges of information among Federal, State and appropriate non-government organizations.

(b) Promote efficient utilization of research findings in the areas of instructional technology, media and programming through the conduct of continuing symposia, colloquia and other dynamic information presentation means.

(c) Inform potential users of instructional methods, media and processes under development by preparing, publishing and distributing Institutes reports and other publications.

(d) Establish active interagency working channels and communications with the States for provision of comprehensive and authoritative information on education and training technology and Federal government programs and objectives. Provide consultant and other advisory services and, on occasions, assign Institutes staff members to temporary work at Federal and State organizations in those areas where the advanced skills and knowledge of the Institutes staff may be of significant value.

(e) Establish scientific task groups, coordinating committees, and other joint action means for interagency collaboration in reviews and evaluations of significant research in manpower, education and training. Publish broad reviews and synopses of research programs, identifying new and unique projects and findings and indicating research areas not encompassed by current efforts where overemphasis, overlap, and duplication exist. Develop and promote cost-conscious approaches to overlapping and duplicative undertakings, low priority, and nonproductive undertakings.

(f) Provide a central research reference facility wherein scholars may utilize the extensive information resources of the Clearinghouse and collaborate on studies of state, national and international import.

(g) Through the use of closed circuit television, optical page readers, high-speed printers, automated microfilm and other display devices, promote library sciences in such manner as will make most effective use of the latest scientific and engineering accomplishments in resolving rapidly escalating information problems. Develop information modeling and other scientific techniques and promote research of this nature.

(h) Conduct specialized studies of engineering technologies, identifying and preparing reports on those areas in which are generated new occupational specializations, defining the educational and training qualification and professional preparation requirements, and developing educational recommendations for review and use by appropriate Federal and State organizations.

(i) Cooperate with appropriate requesting organizations in their undertaking—or, provide staff members to assist with the conduct—of programs, projects, or studies in the preceding roles and missions statements.

2. To establish a Directorate for Systems Innovations in Training and Education and means for coordinating: manpower, education and training institutes work; Federal applied research, testing, evaluation, and development programs for applications of systems innovations.

(a) Develop and establish inter-agency programs demonstrating and teaching new and advanced theories and techniques, providing Federal leadership for interagency activity of this nature. Monitor and prepare reports on significant breakthroughs and successful new applications of instructional technology. Promote the extension, adaptation and use of space and weapon systems, scientific concepts for developing educational systems through systems and operations research and model development.

(b) In national and international programs conduct or sponsor Federal symposia, workships, clinics and demonstrations for government officials, educators and industry representatives responsible for national leadership. Promote government, industry and educational institutional partnerships and cooperation in these undertakings.

(c) Using the Clearinghouse extensive information resources, initiate applied research and development programs to fill gaps in the overall manpower, education and training research spectrum. Emphasis will be placed on demonstrable techniques.

(d) Develop means and reports thereon for promoting increased efficiency and cost effectiveness in government manpower, education and training programs. Develop economic model structures for correlation studies of industrial, engineering, scientific and other major employment areas having potential impact on manpower, education and training requirements; data for these studies will be derived from government departments' analysis of population and economic shifts, effects of changing national policies, international situations and similar matters of national employment consequence.

(e) Coordinate manpower development effort with the Institutes educational research, exploiting research findings for the development of optimal educational model systems and prototype training programs. Conduct programs for educators and trainers, instructing them on the most effective uses of this information and means for exploiting these new and emerging employment potentials.

(f) Develop and administer comprehensive programs for correlating and evaluating national employment requirements with Federal manpower, educational and training programs, projects, budgets and other committed resources. Prepare reports which will focus employment interest and development efforts on those areas of significant employment and economic potentials.

(g) Promote more extensive use of self-instructional programs, closed circuit television and other innovations which will contribute to meeting critical shortages of teachers and educational facilities. Conduct engineering studies of the "educational plant" and, working with Federal, State and other appropriate organizations, develop and propose facility design criteria and national standards incorporating advances in educational equipment, devices and processes.

(h) Provide a national focal point for the study of cybernetics and the advancement of this science, particularly in the area of computer-based teaching machines.

(i) Provide educational science residencies at the Institutes for promising scholars and teachers. Provide highly specialized professional staff guidance and other requisite services for the National Teachers Corps, the Peace Corps, and other organizations of comparable national import. Provide consulting services and related assistances to foreign countries engaged with the United States in cooperative national development programs.

3. Establish a Directorate for Policy Analysis and Special Studies. Conduct studies and develop proposals for national policies and programs, international cooperative efforts and other matters of concern to the Legislative, Executive and Judicial Branches of the Federal Government.

(a) Provide a scientific and professional staff capability for developing and maintaining realistic overviews and current data for the preparation of national policy level papers and for providing guidance and other assistance in the development of broad national and international matters in the area of the Institutes roles and missions.

(b) Develop new Federal educational and training doctrines in collaboration with distinguished educators and other authorities; prepare government implementing executive orders and similar level executive documents.

(c) Prepare papers setting forth feasibility analyses and alternative proposals based on studies, simulations and evaluations of on-going Federally supported projects and programs.

(d) Prepare papers setting forth policy alternatives and special considerations, based on Clearinghouse compiled research data and survey statistics, for use by departments, agencies, special committees and advisory panels and commissions in the development of national policies in support of new anti-poverty programs, Federal aid to educational institutions programs and other similar programs of national and international import.

(e) Develop at City, County, State and Federal government levels, educational and training experimental systems and prototype models; test, evaluate and demonstrate simulated systems and models; promote and coordinate interdisciplinary scientific, engineering and educational research and practice in the use of new disciplines and educational analysis tools.

(f) Prepare special staff reports, papers and documents for the Secretaries and Administrators of Federal Departments and Agencies concerning research, development, test and evaluation projects undertaken at the request of the Secretaries and Agency Administrators; prepare special reports to these government officials concerning new scientific and technological breakthroughs of import to programs administered by the respective Secretaries and Administrators.

EXHIBIT II

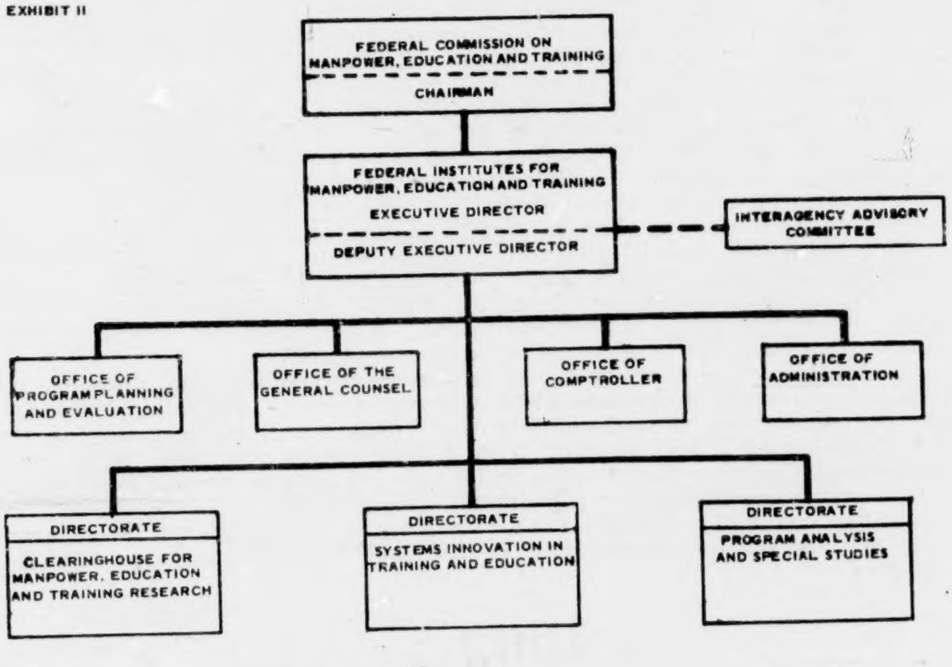

FEDERAL COMMISSION ON MANPOWER, EDUCATION AND TRAINING
CHAIRMAN
FEDERAL INSTITUTES FOR MANPOWER, EDUCATION AND TRAINING
EXECUTIVE DIRECTOR
DEPUTY EXECUTIVE DIRECTOR
INTERAGENCY ADVISORY COMMITTEE
OFFICE OF PROGRAM PLANNING AND EVALUATION
OFFICE OF THE GENERAL COUNSEL
OFFICE OF COMPTROLLER
OFFICE OF ADMINISTRATION
DIRECTORATE
CLEARINGHOUSE FOR MANPOWER, EDUCATION AND TRAINING RESEARCH
DIRECTORATE
SYSTEMS INNOVATION IN TRAINING AND EDUCATION
DIRECTORATE
PROGRAM ANALYSIS AND SPECIAL STUDIES

EXHIBIT 5.0.—An Excerpt From Bureau Of The Budget Circular No. A-90, September 21, 1968

Subject: Cooperating with State and local governments to coordinate and improve information systems

a. Information can be exchanged more easily and more economically if it is compatible, i.e., collected and produced according to common definitions or standards. Compatible information is more useful because it is subject to uniform interpretation and permits meaningful summarizations for program evaluation purposes.

b. Governments at each level perform functions that are generally similar and therefore have need for and use similar types of information. This factor enhances the prospect for developing compatible information. It also provides opportunities for exchanging experiences among governments to exploit the best systems, and for minimizing the expenditure of resources, including Federal aid, for designing systems that may already be operational or under development elsewhere.

c. Information required to administer separate but related programs within a government often has a high degree of similarity. Accordingly, there is a trend toward the development of integrated (unified) information systems which recognize, in an organized fashion, the interrelationships that exist among programs and the possibilities for the same information to serve many needs. Such systems often involve the use of electronic data processing techniques and are sometimes approached on a Government-wide basis.

d. The increasing use of electronic data processing techniques provides the means for exchanging needed information quickly and efficiently. In order for these techniques to be fully effective, however, there is a need for a greater degree of compatibility among the equipment and techniques used and among the data to be processed. Possibilities also exist for more efficient and economical use of expensive data processing equipment through joint utilization arrangements.

e. There are Federal grant-in-aid authorizations that provide for financial assistance to State and local governments in developing and operating information systems needed to administer grant programs or to manage internal operating programs. A consistent approach by Federal agencies in acting upon applications for such assistance can help to achieve a greater degree of coordination and compatibility among the systems.

Mr. HELMS. As an introduction, I would like to comment on the background of this proposal. Dr. Hirsch and I are coauthors. While we are both employees of the Federal Government, we have worked on this on our own time. We have pursued this because our years of experience in the Federal Government convinced us that an organization such as the Federal Institute, an NIH—National Institute of Health—type approach would provide significant benefits which in the absence of such an organization could not be achieved by the Federal Government.

Accordingly, in the furtherance of our conviction, we have worked independently of our departments, and this undertaking has no direct connection with our departments.

In the absence of Dr. Lee, I am authorized to speak for him and to provide a summary of his statement.

Dr. Lee's testimony—as president-elect of the American Vocational Educational Research Association, and chairman of the Committee on Legislation Information for that association—may be summarized in four parts.

Mr. MEEDS. Dr. Lee's statement will be placed in the record in full at this point.

You may proceed, Mr. Helms.

(The document referred to follows:)

STATEMENT OF ARTHUR M. LEE, CHAIRMAN, COMMITTEE ON LEGISLATIVE INFORMATION AND PRESIDENT-ELECT, AMERICAN VOCATIONAL EDUCATION RESEARCH ASSOCIATION

Mr. Chairman and Members of the Committee, the AVERA again appreciates this opportunity to present testimony and make recommendations concerning appropriations for education. Our interest is primarily in the appropriation for vocational education, with specific attention to the appropriation for vocational education research.

I would like to call the Committee's attention first to the problem we have encountered for several years in this particular appropriation, and then to recommend a solution. The problem is both statutory and operational.

In its statutory context it is this: Congress specified in the Vocational Education Act of 1963 that ten percent of the basic grants to the States for vocational education shall be used for research. In the Vocational Education Amendments of 1968, Congress again set aside ten percent of the basic grants to the States for research. This time the statute provided that half of the research funds should go directly to the States and the other half are reserved to the Commissioner. However, the Appropriations Acts passed by Congress each year since 1967 have contained line items for vocational education research substantially less than the ten percent required by law.

In its operational context, the problem of vocational research funds is thus: the Act of 1963 and the Amendments of 1968 require far-reaching and basic changes, not only in vocational-technical education but in our entire educational system. The manner in which the law is written allows no discretion as to whether or not these changes will be made, and new reporting and evaluation information of a very specific nature are mandatory. These requirements impose a heavy burden upon the States for new data, new solutions to problems both old and new, more carefully structured experimentation, and greatly improved dissemination and implementation systems. The funding provisions of the Act—ten percent literally set aside for getting these things done—is an orderly and logical way for the States and the U.S. Office to carry out their requirements. Anything less than that increases the difficulty of a task that is not easy to begin with. Substantial reductions make the task almost impossible.

With lesser amounts appropriated as line items, three very definite results have followed—and the experience of the U.S. Office and most of the States provide ample evidence of these conditions:

1. The Department of HEW and the Bureau of the Budget do not make adequate funds for vocational research available from other sources. Vocational research is simply downgraded at the Federal operating level, and the changes in direction required under the Act are seriously impeded and substantially slowed down.
2. The State Boards are discouraged from spending operational funds for research—both because of the constant pressures to support programs already organized in preference to programs that do not yet exist, and because national policy reflected by this pattern of support in the annual Appropriations Act seems to be opposed to any great amount of research in vocational education.
3. The schools themselves—many of them crying out for help to redirect their programs, not only in vocational education but their total programs which ignore the occupational needs of up to eighty percent of their students—receive such meager and uncertain support in carefully planned change that they are almost forced to make whatever changes they do achieve on a haphazard and high risk basis.

This is the problem, reduced to bare facts. The net effect of this problem in the past two years is that while some very promising changes have taken place in vocational education, they are extremely limited compared to the need. Moreover, the momentum of change may be slowing down. I think it is. This is not yet apparent in reports from the field and will not be evident until a lag of considerable proportion has taken place. By then a great deal of the early benefits from carefully planned research and change will have been lost.

Perhaps the worst effect of a national policy which calls for farreaching changes on the one hand, and withholds support for an orderly and logical way to achieve them on the other, is a mood of depression bordering on cynicism in the schools. I don't think this has gone too far yet in spite of the near shock with which news was received only a month ago of the manner in which vocational research was treated in the 1970 budget. But if it continues inevitably the national effort to orient education in the schools to career goals will be seriously jeopardized.

I would like to suggest, in regard to this, that timing is critical. If large numbers of students were not now being given an education that has little meaning for them, and if the schools themselves were not anxiously concerned about this, and if the public—especially business, industry, and labor groups—were not so urgently aware of their problem in getting properly prepared graduates for employment, and especially if the Vocational legislation of 1963 and 1968 had not been enacted giving the schools and the public the expectation that something definite was being done about it, then we might take a little more time to get on with the job. But to delay under these circumstances, regardless of the reasons short of a national economic crisis, may add so much to the ultimate cost that wisdom and responsibility call for a decision at this time. Does Congress intend to implement the Vocational Education Act of 1963 and the Amendments of 1968, or are these Acts in effect, being repealed by neglect?

The ultimate cost if a decision is not made by the Committee and the Senate in the 1971 Appropriation will be measured in frustration, lost momentum, many more thousands of unemployable youth and adults in far more costly retraining programs, and the need eventually to start all over in rebuilding the American educational system.

These are not exaggerations; they are simply facts. I am only calling attention to them. If the Committee and Congress believe that I put too much responsibility for the implementation of the Acts of 1963 and 1968 on research, may I say that I base my entire position on the Acts themselves and the judgment that went into them. If Congress—or the Department of HEW—now feel that too much emphasis was placed on research when the legislation was written and debated and approved, this would amount to a second judgment. The position of the American Vocational Education Research Association is merely to endorse the previous judgment and ask that it be implemented.

We suggest and earnestly hope that this Committee and the Senate will solve the problem of vocational research funds as you intended in the 1970 Appropriations. You appropriated the necessary amount for vocational research and you stated in your Report the intent of the Senate to follow the provisions of the law in this regard. The House endorsed your position in the Conference Committee Report, and this then was the expressed intent of Congress. We all know what happened. Since the appropriation was a line item, it was first cut in half in the compromise bill passed after the President's veto of the first bill, then wiped out altogether by the Department of HEW. This last action by the Department, I believe, was not done intentionally due to any question of the need for vocational research; it was done thoughtlessly by budget personnel who have their own problems but who have little knowledge of the programs these funds are for. Even so, I think it is quite evident in the record as I have recalled it, here that the action of HEW in eliminating vocational research funds from the 1970 Appropriation violated the expressed intent of Congress.

For this reason, but in a much larger sense for the educational reasons I have cited, the American Vocational Educational Research Association urges the Committee to write the 1971 Appropriation Act in such a way that it follows even more exactly the provisions for vocational research in the legislation of 1968. That is what we are recommending, and we do so with far more concern for vocational education and the American educational system than we do for our own research efforts.

Mr. Helms. 1. The purpose of the legislation being considered at this time is highly commendable.

2. That purpose, however, would almost certainly be defeated now under any of the three bills before the committee.

3. Possibly, the only way to accomplish what these proposals seek to do would be through a separate Department of Education, Manpower, and Training, and, as you know, there is a bill proposed for such action.

4. A logical step in this direction would be to create the Federal Institutes for Manpower, Education, and Training. Dr. Lee feels the bills before the committee would institutionalize a division of management and resources rather than really bringing management and resources together with the training systems of the schools.

The management system, comprised of Federal, State, and local manpower organizations, would have money and responsibility but the biggest part of the Nation's training facilities, equipment, and instructional personnel would remain outside of that management jurisdiction.

The only way to produce a single system, to avoid continuance of duplicative manpower and training programs, Dr. Lee feels, is to consolidate the U.S. Office of Education and the Department of Labor Manpower Administration.

Recognizing the obstacles to creating a separate Department of Education, Manpower, and Training, Dr. Lee recommends as a logical first step—which could be accomplished without too much difficulty—that the Congress establish the Federal Institutes for Manpower, Education, and Training.

This concludes my summary of Dr. Lee's statement.

The following remarks are addressed to my statement.

The proposal takes cognizance of the three manpower bills pending before you, and, the proposed National Institutes for Education bill, which is being considered under the Select Subcommittee on Education, and the bill proposing a Department of Education and Manpower. I feel the proposal for the Federal Institutes affects and would be affected by the Congress decisions on these bills.

Following such extensive hearings as you have conducted on these manpower bills, I am sure you have ample information on what are the public concerns. Accordingly, my purpose is to propose means to cope with problems relating to manpower, education, and training programs. I will focus on how a new organizational concept and current information processing technologies can help relieve the management and administrative complexities confronting us and, at the same time, improve the quality and value of these programs. Whichever version of these bills is passed, the need for the organization I propose will obtain.

I will proceed as follows: First, I would like to give you an overview of the proposed Federal Institutes functions, using my charts for this purpose. I would then like to comment on each organizational element, to clarify the purposes of these organizations. As my statement includes sufficient discussion, you may rely on that for more complete details. I will refer to it occasionally as I proceed.

The Federal Institutes proposal sets forth a concept for a national information processing and coordinating system for federally supported programs in education, manpower, training, and interdependent socioeconomic programs. The means for implementing this concept are incorporated within the framework of the proposed Federal Institutes. Exhibit 4 of my statement is a draft Executive order which could be used as an interim approach and thus facilitate implementing actions. This Executive order has been reviewed by numerous persons of national reputation, and other persons holding high Federal office.

Exhibit 3.1. The Institutes would be established under the Executive Office of the President. As shown, the Institutes would function under either a Federal Commission on Manpower, Education, and Training, or an Office of Management and Budget. With regard to the Office of Management and Budget, those of you familiar with the President's proposal for reorganization will know that he has proposed a Domestic Council which would have as a part of that proposal an Office of Management and Budget. In this case, I am referring to that particular Office of Management and Budget.

The primary Federal departments which would be served by these proposed Federal Institutes are conceived as the Department of Health, Education, and Welfare, the Department of Labor, and the Office of Economic Opportunity. The proposed Federal Institutes would provide these Departments and this Office with operational capabilities they do not now have, and in the absence of an effective, established, operating organization for coordination of information, the Federal Institutes would provide assistance to the Departments of Defense, Interior, Commerce, Agriculture, Veterans' Administration, and other Departments or agencies that are conducting manpower and training programs. The Federal Institutes would provide a strong coordinating focal point for most of the Federal Government.

The staff and management offices shown here perform functions typically identified by the titles; it is not necessary to discuss these functions at this time.

The major line organizations shown are the Clearinghouse for Augmenting Research in Training and Education (CHARTE); the Directorate for Systems Innovations in Training and Education (SITE): and the Directorate for Policy Analysis and Special Studies (PASS).

Addressing the line organization, exhibit 3.21 in my prepared statement, the CHARTE organization includes these organizational elements.

The Integrated Data System (IDS) for Federal assistance programs, the Automated Information Processing Computer Center (AIPC). the Information Analysis Center (IAC), and the Information Clearinghouse.

The Integrated Data System is depicted on exhibit 3.3. It consists of the Federal Telecommunications System and the circuits interconnecting the data processing centers of the Federal and State clearinghouses. The telecommunications system is presently operated and managed by the General Services Administration.

This existing national telecommunications network could be used for the purposes I am proposing.

The Federal Telecommunications System and circuits will interconnect the CHARTE Automated Information Processing Center to Information Analysis Centers in the Department of Labor, the Department of Health, Education, and Welfare, the Office of Economic Opportunity, and the State clearinghouses.

Additional Information Analysis Centers could be established as necessary and desired in DOD, NASA, Commerce, HUD, and other Federal departments.

The CHARTE Automated Information Processing Center configuration is shown here, exhibit 3.4. It would have the capabilities to receive Federal and State approved programs in manpower, education, training, employment, welfare, and other interdependent programs. It would process these programs, store, and subsequently search, retrieve, reproduce information from, and automatically update these programs.

The CHARTE Automated Information Processing Center would have the capability to display information both intra- and inter-site. By intra—I mean within the total Federal center as shown here, and, by inter—I mean the Federal center and the Federal departments, or between the Federal organizations and the State organizations.

The AIPC would employ such means as closed circuit television, or, by interconnecting query display consoles in the departments' terminals to the AIPC, information could be displayed in any of the departments directly from the AIPC computer data base.

In addition, it is conceived that the national computerized job bank would be located in this Federal computer center. The advantage here is that we would have, through the Federal Telecommunications System and interconnecting circuits, the capability to tie the national computerized job bank directly to the job banks in the State clearinghouses.

The primary Federal Information Analysis Center, exhibit 3.5, would be located in the CHARTE organization. Smaller Information Analysis Centers would be satellited on the Federal Center.

The smaller centers would be located in the Departments of Labor, HEW, and the OEO, other Federal departments, and State clearinghouses.

An Information Analysis Center would have the functional capabilities shown in this exhibit 3.5. With such quantities of information in the computer center, we would anticipate large numbers of queries from the States, from the Federal departments, and from the White House, and the legislative branch of the Government. The Information Analysis Center would be that point in the CHARTE organization into which all of the questions would be funneled. The Analysis Center staff would prepare these questions for address to the computer, would receive this information and then display it by any of the electronic communications means that we would have established. Alternatively, questions not requiring immediate electrical communications would be handled through the normal correspondence mode.

So, we would have in the Information Analysis Centers the closed circuit television display and remote receiver and transmit terminals, facsimile transmission, and so forth. Given the Computer Center capabilities, the Information Analysis Center would process all new Federal and State programs; and, monitor changes to stored programs. The staff would prepare computer programs for research and management statistics; and, prepare computer models of national programs in response to the requirements of other organizations that I will address in a few minutes.

State clearinghouses are depicted in exhibit 3.6 of the prepared statement. Each State clearinghouse would include a small scale version of the Federal Automated Information Processing Computer Center (AIPC). The States would colocate their Information Analysis Center with their AIPC. State clearinghouses would address such matters as State, regional, and municipal grant-in-aid programs. These clearinghouses would be the storage point, the coordinating focal point, for programs which might have impacts, or other effects on the manpower, training, and educational programs. In the manner of the Federal center, the State centers would process, store, research, retrieve, reproduce, update, display, and transmit information on the State, regional, and metropolitan area programs of the respective States.

In addition, the State center would include the State computer job bank, which would interface with the Federal job bank.

Returning to the CHARTE organization, exhibit 3.21 of my statement, this organization is the information processing center of the Federal institutes. It will interface with Federal and State organizations and approved subscribers and will operate, manage and control the complex of facilities and communications.

The CHARTE will receive, index, abstract, process, store, update, retrieve, display and reproduce and distribute information to Federal, State and other approved organizations and subscribers.

The Automated Information Processing Computer Center is conceived as the Federal capstone of an information processing system. This national information center would receive, store, retrieve, update and distribute programs and job bank information. It would provide computer programs for the retrieval or generation of management data to meet the requirements of Federal and State organizations.

While Federal and State information analysis centers would have access to information stored in the data base, some date might be coded for release only to approved subscribers or users. Departmental staffs would receive and analyze this information prior to its release to the CHARTE Information Analysis Center for processing and storage. The Departments would at this time indicate release codes for the information being processed. The Federal departments having the primary responsibility for and use of the information would always exercise release approval authority. In areas of joint departmental jurisdiction, coordination would be required, and is required by bills pending before you.

The CHARTE Information Analysis Center would analyze all information for the purposes of preparing instructions for its processing within the CHARTE AIPC. The Information Analysis Center would be staffed by information specialists in manpower, education and training, and related specializations. It would include personnel in computer systems specializations. These staffs would have available to them closed circuit television and automatic data processing equipment with which to interface with other information analysis centers, and to interact within the CHARTE AIPC.

The information analysis centers in the Departments of Labor, HEW, and the OEO, and other Federal organizations, would operate as if the computer were in their respective buildings. However, this proposed centralization of the Institutes' facilities would result in economies over multiple installations.

The information clearinghouse is the focal point for providing to the Government, public, and private sectors, information reference and library assistance type services. Within general categories of documents, large volumes of exemplary education and training programs and research, reports and related publications would be stored on microfilm, and be available generally to responsible organizations with useful requirements for these documents.

Other essential functions of the information clearinghouse include the dissemination of educational research findings throughout the Nation, as proposed in H.R. 13472, and dissemination of rules, regulations, legal decisions, and the probable thousands of changes that will occur to those programs, abstracts, plans, studies, records and reports that will be stored in this computer center.

The information clearinghouse would be an invaluable source of information and reference for managers, administrators, researchers and scholars in Federal and State governments, in business, industry, and other organizations.

A major information service will be the maintenance of a comprehensive and timely system of labor market information.

The location of the national computerized job bank and the clearinghouse information dissemination facility under the same directorate is obviously a most feasible arrangement.

Exhibit 3.22 of my statement shows the directorate for systems innovation in training and education. The mission of this directorate is to conduct, support, encourage, analyze, and evaluate studies, research, experiments and pilot projects in education, training and manpower related technologies.

The directorate includes the National Institutes for Education, Manpower, and Training; the Federal Research Center for Education and Training; and the Federal demonstration laboratories.

Exhibit 3.7 of my statement shows this organizational alignment. The National Institutes for Education, Manpower, and Training would be colocated, possibly in separate organizational divisions. However, the key term is colocated.

With the physical alinement shown in exhibit 3.7, we can expect more effective interdisciplinary approaches by Federal research staffs, and more effective cooperation between DOL, OEO, and HEW in the joint management of these interdependent programs. I would like to state that for this remark, I rely on the proximities of the staffs in this proposed alinement. There is no inference that there is or is not adequate cooperation as of now.

Such a collocated arrangement would tend to minimize overlapping and duplicative programs, and would provide sorely needed national visibility to the Government's work in these areas.

A major problem today appears to be the absence of means to develop and exploit more effectively significant innovations in education and training programs and related technologies. Comprehensive information is sorely needed.

Difficulties in collecting such data are seen in the sheer numbers of programs, geographical dispersion, and the number of Federal and State organizations involved in developing, regulating, evaluating, and funding this complex.

Accordingly, then, it appears that opportunities for achieving and sustaining national goals for excellence will be greatest when Federal employees and scholars in various interrelated disciplines work together in the Institutes environment, employing the clearinghouse information, the computer center capabilities, and the facilities of the following organizations.

The Federal Research Center will be the national focal point for all research by the Institutes. The Center will assist the Institutes in the planning, coordination, and evaluation of educational, and, training and manpower development research.

Title III of H.R. 13472 would authorize the Secretary to establish a program of projects through grants to or contracts with the public, private, and not-for-profit organizations. As stated previously, this proposal would give the Federal Government operational capabilities it does not now possess. The Federal Research Center is certainly one of the most important of these proposed operational organizations.

The Research Center must possess capabilities to monitor, contract, and to perform research. Institute staffs would participate in this research facility and thereby maintain their research skills and their knowledge of the state of the art.

It should be expected that employees presently assigned to DOL, HEW, OEO, and other Federal and State research organizations would be assigned to assist in staffing the Research Center. By alternating the staffs for significant periods of actual research work, the respective bureaus and the Federal Research Center will benefit in planning and evaluating research programs.

Through internetting with the Defense Documentation Center, the Commerce Clearinghouse for Federal and Scientific Information, and through work with industries, business, and private organizations, a comprehensive body of research information could be evaluated prior to initiating and funding presumed new research projects.

The Federal Research Center would use the comprehensive research information stored in the computer processing center, and would provide information to that center on projects conducted by the Federal Research Center.

The Federal Research Center would cooperate with the National Institutes for Education, Manpower, and Training in monitoring and directing the activities of the laboratories.

The demonstration laboratories would attempt to mitigate a major problem in research and administration—that of translating research findings into effective applications.

I know of no comprehensive Federal means yet established to evaluate the payoffs from the large sums expended in this area. Surely the executive and legislative branches and the news media have sought information on the benefits achieved from such expenditures.

As we now prepare to embark upon more ambitious research undertakings, it is imperative that better information collecting and validating systems be established.

I believe visibility will improve only if laboratories are established so that research and development program benefits can be brought closer to those who will use the new information and new skills. Demonstration laboratories could be located close to the State skill centers proposed in the Steiger bill. This need to get information down to the users has been recognized by the U.S. Office of Education in the establishment of the educational resources information centers (ERIC).

It seems a more dynamic and effective arrangement would be to tie information resources to demonstration capabilities. Further, as the CHARTE has a large-scale computer and dissemination capability, it would seem that interconnection of ERIC to CHARTE is a most feasible arrangement. Accordingly it is recommended that the ERIC and the demonstration laboratories become the regional extensions of the Federal institutes.

The Directorate for Policy Analysis and Special Studies, exhibit 3.23, will function in an ideal organizational arrangement. The Automated Information Processing Computer Center data base will provide a complete spectrum of valid information and exemplary programs. The computer will provide the capability to model and experiment with new concepts. The Institutes for Education, Manpower, and Training and the Federal Research Center will provide means for practical experimentation and demonstration. Opportunities for vitally significant studies and evaluations will, accordingly, exceed any opportunities now available within these areas in the Federal Government.

This Directorate can be expected to provide the blueprints for evolutionary reform, for new organizations, new policies, and new programs superceding ineffectual efforts of the past and meeting more effectively the challenges of today and tomorrow.

Three organizational components will carry these ideas forward. Speaking to the Institute for Intergovernmental Assistance Programs Evaluation, this Institute will address some of the problems which the Congress has taken the lead in identifying. The Congress has identified more than 1,000 programs conducted by a majority of the separate Federal departments and organizations. I refer to House Document No. 91-177, Congressman Roth's study.

In his message transmitting Reorganization Plan No. 2 of 1970, the President stated "Yet, nowhere today is modern management more needed than in the Government itself."

In his message to the Committee on Education and Training, August 12, 1969, the President noted that the Government's investment, approximately $3 billion, has failed. He alludes to duplication of effort, and endless ribbons of red tape; he believes that working together, we can bring order and efficiency to a tangle of Federal programs.

Congressman Roth stated in his study: "No one knows exactly how many Federal programs there are." The Institute for Intergovernmental Assistance Programs Evaluation would be a primary instrumentality for evaluating performances, promoting greater efficiency, and effecting reform.

The Institute for Poverty, Welfare, and Social Security will help us not to lose sight of the overall purposes of manpower education and development. While I am sure one could produce instantly an infinite list of authorities who could define what these purposes are, I submit this is an area in which there is a paucity of valid and significant study.

We need to know more—to examine the ways in which man is affected by and the ways man interacts with poverty, welfare, and social security. Manpower development programs must be designed for his optimum adaptation within these dynamic effects of our society and our times.

Billions of Federal, State and private sector funds are being expended in programs conducted under these titles. It is imperative that we examine our manpower programs in association with these interdependent programs, to link manpower programs closely with economic planning and development. And, where could this be performed better than in this information system oriented organization?

The results of the work of this institute could influence in profound ways our concepts, policies, and planning for manpower development and poverty, welfare, and social security programs.

The third organizational entity of this directorate is the office of national programs and systems modeling and integration. This office would enable us to look beyond the immediate present.

The techniques of systems analyses, operations research and modeling are being employed etxensively in programs of national complexity. Examples would include transportation systems, logistic systems, and environmental and ecological studies. The question then is why do we not similarly employ these techniques in the programs addressed here? Why not design national models and use these to test new education, manpower and training policies, programs and projects? Why not avail ourselves of whatever foresight is attainable in this manner? Much of the needed information will be stored in the clearinghouse, the computer capability will be available for modeling these new programs and national policies.

In his message on legislative programs, October 1969, the President alluded to "* * * the mechanics and engineers of government who retool and improve its machinery—planners and the idea men who develop new programs and agencies." For such responsibilities, we must provide these persons a place and the equipment with which to work effectively. This office could be the "workshop" where the mechanics and engineers and idea men experiment with models of new programs and policies, providing to others the design guidance for our future.

I thank you.

Mr. Meeds. Does that conclude your testimony?

Mr. Helms. Yes. Mr. Gordon is here to assist with my technical questions.

Mr. Gaydos (presiding). It is unfortunate that the entire committee has not been able to hear your testimony.

I did not get a chance to delve into it in detail, but I want to congratulate you for presenting such a well documented statement.

It will receive the proper attention of the committee members, and our technical and legal staff.

I believe that you have made a good presentation, but isn't it somewhat complicated and aren't you putting a little more emphasis on administration as distinguished from the practical applications.

I feel the simpler the presentation, the better the opportunity to obtain results from it. You may wish to comment on that.

I don't know.

Mr. Helms. Your question is quite well taken.

I feel, sir; that in making such an important recommendation to this subcommittee, it is of the utmost importance that I give clear evidence I have examined this proposal in complete detail. Rather than present a proposal that is more or less superficial in nature, the committee should have the opportunity to fully understand the nature of what we are talking about.

Mr. GAYDOS. Would my observation be correct, if I were to interpret your remarks, that the existing system we have has grave inadequacies, and you are suggesting this new approach, and although it appears complicated on the surface it may actually be a simple approach?

Mr. HELMS. Yes, sir. I am convinced that this approach will produce tremendous economies and simplifications in the administration of our programs.

In the very first part of my prepared statement, I quoted the President in his description of new federalism. I am seriously concerned over what is going to happen.

As I see it, the Federal Government has traditionally had the role of designing and then providing programs to be implemented by the States. Now under the new federalism concept, we are telling the States to design their programs and to submit these to Washington for review and approval. While the record of the Federal Government is well known—its penchant for paperwork—I submit that when all of the States start generating these programs and forwarding these to Washington, we are going to be inundated by paperwork. The only way we can efficiently manage the expenditure of about $4 billion is to structure our administration and our reporting and evaluating systems, and to employ the capabilities of automatic data processing to the maximum feasible extent. It will be humanly impossible to effectively look at all of the paperwork that is to be submitted to those who control the approvals and the funding of the States' programs.

Mr. GAYDOS. I want to thank you again, Mr. Helms, and again emphasize the fact that your well prepared document will receive the attention of all the committee members.

I want to thank you again for your attendance. Is Mr. Ball in the hearing room?

Mr. BALL. Yes.

Mr. GAYDOS. Mr. Ball, I wonder if you would put up with a 2 minute delay?

Mr. Hathaway is on the way down. Here he is right now. We have Mr. Ball here, the last witness, and I am sure you want to welcome him.

Mr. HATHAWAY. Thank you, Mr. Chairman.

It is a pleasure to welcome Mr. Ball to the committee. I have known Mr. Ball for some time now. We have been closely associated on various legislative matters.

It is heart-warming to know that there are people like Mr. Ball, who are not members of the public sector, who are extremely interested in this kind of legislation and other legislation that will, hopefully, help and benefit the general public.

Mr. Ball has devoted his time, a considerable portion of his time, for no remuneration at all but simply for the satisfaction of seeing something accomplished.

I have had the opportunity to read his statement, which I think is an excellent one, and I look forward to hearing his testimony.

Mr. GAYDOS. Thank you, Mr. Hathaway, and I want to welcome you, Mr. Ball, and your cowitnesses, and I leave it to your discretion as to whether you want to read verbatim or summarize your statement.

I do want to impress upon you that your statement will appear in full in the record, so you may proceed in the manner that you please.

Proceed.

Mr. HATHAWAY. Thank you, Mr. Chairman.

STATEMENT OF MARKHAM BALL, CHAIRMAN, COMMITTEE ON FEDERAL LEGISLATION, HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA; ACCOMPANIED BY MARKLEY ROBERTS AND HARRY E. FREEMAN

Mr. BALL. Thank you, Mr. Chairman.

And thank you, Congressman Hathaway, for your very generous remarks.

I will not read my entire statement, but will summarize briefly, and then submit my written statement, and also a written research paper which we have prepared, for inclusion in the record after my oral remarks.

(The document referred to follows:)

STATEMENT ON BEHALF OF THE HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA ON PROPOSED LEGISLATION RELATING TO EMPLOYMENT

My name is Markham Ball. I am appearing on behalf of the Health and Welfare Council of the National Capital Area.

The Council is the central agency for developing and coordinating the support of the private sector for health, welfare, and related community services in the greater metropolitan Washington area. It is a non-profit organization financed chiefly by the United Givers Fund and is responsible for the allocation of UGF funds to eligible private voluntary agencies. The Council is a citizen-led organization representative of all segments of the metropolitan area.

We are very happy to be able to respond to the Subcommittee's invitation to appear today. The voluntary agencies are concerned about employment and unemployment because it is through work and employment that most people earn the income to support themselves and their families. When the system of self-support from employment breaks down for a large part of the population, a heavy burden falls on public and private welfare agencies. The financial costs and the human costs are immense.

We have analyzed the employment situation in our area to try to determine what the community's needs for employment and training programs are. To some extent, the problems of the Washington area may be unique, but in many ways, we suspect, our experience and our needs are typical of those of many metropolitan areas. We hope, at any rate, that the information we present today will serve as one part of the mosaic of information that this Subcommittee is assembling and will help lay the foundation for needed legislation.

Let me summarize as briefly as I can our findings on employment and training needs in our area, and then submit for the record a more detailed written report.

We have found, first, that there is, in our inner city, a serious problem of unemployment and underemployment. Official unemployment statistics, which count only those claiming unemployment benefits and those customarily in the work force, show only a small fraction of the problem.

The official unemployment rate for the Washington metropolitan area is only 2 percent. In the District of Columbia itself, the official rate is 4.5 percent. But these relatively encouraging figures do not take into account people who work at only part-time jobs. They do not include many thousands who, with proper assistance, might enter the labor force, but who have given up looking for work.

When these people are considered, the District's rate of sub-employment is about 12 percent. And when we include persons who work full time but earn less than $3,000 per year, our sub-employment rate is over 23 percent for the District as a whole and 27 percent for the central Model City area.

In other words, nearly one of every four people in the District of Columbia who could be in the work force is unemployed or has a serious problem of underemployment.

Unless there is a radical change in current employment patterns and trends, the prospects for employing these people within the economy of the area are not encouraging.

In the first place, available jobs tend increasingly to be in the suburbs and not in the inner city. From 1962 to 1966, employment grew three times as much in the Maryland and Virginia suburbs as in the District of Columbia.

Furthermore, this growth of job opportunities has been primarily in highly skilled, professional and technical occupations. In most other metropolitan areas, manufacturing employment opportunities for semi-skilled and relatively unskilled workers account for about 30 percent of total employment. In the Washington area, manufacturing accounts for less than 5 percent of total employment.

Thus the expansion of the Washington area's economy has not opened up the types of jobs that are needed by most of the unemployed and underemployed people in the area who lack the education, skills and transportation to compete successfully for available jobs.

A study made by the D.C. Manpower Administration in December, 1968 demonstrates the problem concretely. In that month the U.S. Employment Service for the District of Columbia had only 3,523 unfilled job openings. More than half of these were in professional, technical, and managerial occupations. However, in this same month of December 1968, the study reported, some 33,000 potential workers in the District were unemployed or not in the labor force, and another 58,000 were working only part-time or were working full-time for less than $3,000 a year.

This does not appear to be a problem that the economy will solve by itself. In June, 1969 the Mayor's Economic Development Committee issued an economic development program for Washington, D.C. calling for various steps to achieve full employment in this city. By 1978, the report said, there will have to be 194,000 more jobs than there were in 1968 if full employment is to be achieved. Assuming that the economy continues to grow at a normal rate, this normal growth will produce only about 144,000 new jobs. There will still be an employment gap of 50,000 jobs.

How can this gap be filled, so that jobs are available for all who need them?

We think, first, that despite the relatively small role of industry in this area's economy, more can be done to encourage hiring of the unemployed in private industry. Over half of the 194,000 new jobs in the "job budget" of the Mayor's Committee are in the private sector. They include 74,000 jobs that will be created through normal growth of the economy and 15,000 to be created through "special efforts" under Government sponsored programs.

We believe that programs to place the unemployed in commercial and industrial jobs must be part of any successful employment strategy in this area. We also believe, on the basis of training programs conducted here in the past, that these programs, to be successful, must incorporate the following standards:

All training should be for specific jobs. This has proven by far the best way to insure that a training program will actually lead to employment. Where possible, the "hire first" principle of the JOBS program should be applied: a trainee should be first hired, then trained on the job. In any event, training of an individual should not begin until an employer has firmly indicated his intention to hire him when trained. We have seen too many training programs that are little more than fruitless interludes between one period of unemployment and the next.

Transportation must be provided to make it possible for inner-city residents to take jobs elsewhere in the area.

Counselling, day care and other supportive services are necessary.

There must be better co-ordination of training programs and more centralization of direction so that existing duplications of effort can be reduced and so that all programs will be more accessible to people in need. A recent survey counted 13 "major manpower development efforts" in the District, with about 100 separate program components.

The Secretary of Labor should be able to choose, here and elsewhere, the one or more organizations best qualified to run training and employment programs.

He should be able to contract with state, federal and local agencies, community action agencies and voluntary agencies. Very often—and we have seen this happen in our area—local, citizen-led organizations are better able than a state or federal agency to reach the people who need jobs and bring them into work and training programs.

The largest employers in this area, of course, are not private companies, but the Federal and the District of Columbia Governments. They too must do their share in providing training and jobs to the unemployed of the area. Where Civil Service regulations create artificial barriers to employment, these regulations should be changed. Public works contracts should stress hiring of the disadvantaged from our inner city. We believe that Government, no less than industry, must develop special programs to hire and train those now out of the work force.

Finally, there is the possibility, which this Subcommittee is now considering, that Federally supported programs can be created to provide employment in new fields of public service.

This Subcommittee has no doubt seen the 1968 survey by Harold Sheppard for the Urban Coalition, which concludes that at least 141,000 persons without professional or technical training could be hired almost immediately for public service jobs in 130 cities with populations over 100,000 if funds were available. Looking only at the District of Columbia, the Mayor's Economic Development Committee has estimated that 35,000 new public service jobs are needed in the District by 1978 to meet projected needs for services in health, education, housing and other fields, as well as to provide full employment.

The Health and Welfare Council of the National Capital Area and many of its member agencies have now had experience with a relatively small program of public service employment. Our conclusion is that this kind of program can succeed in placing the unemployed in productive and useful jobs.

Our Council has entered into its third annual contract with the United Planning Organization (UPO) under the "New Careers" program of the Economic Opportunity Act. To date, thirty different voluntary agencies in the National Capital Area have developed a total of 135 new entry level jobs in the fields of health, welfare, and recreation. Under the programs, enrollees receive six months on-the-job training with pay, plus continuing basic education, and are assured of employment in the agency at an appropriate salary upon satisfactory completion of training.

Most enrollees are working in the health field, as nurses' aides or in health education. Others work in recreation programs, or as community development workers or field workers. They are developing into productive and self-sustaining wage earners, and they are doing work that very much needs doing.

The Health and Welfare Council, which is responsible for administering the program, has developed "career ladders" to provide upward mobility from the pre-professional level to the professional level. These are not dead-end jobs. Through on-the-job training and continuing education, enrollees are helped and encouraged to move up the career ladder.

We have not had uniform success with all enrollees in the HWC "New Careers" program, but it is significant that most of our agencies are enthusiastic about the program and many are repeating requests for enrollees. Many agencies have remarked that the enrollees establish relationships with clients more readily and more effectively than the highly trained professional. And, perhaps equally important, the enrollees are changing the agencies where they work. As staff members, they are making the agencies better informed and more responsive to the needs of the people they serve.

Of course, this is a very small program compared with the need for jobs that exists. It could be exanded to many times its present size if funds were available. It is not likely, however, that the voluntary agencies in this area, even with more funds, could provide nearly enough jobs for all in need. For public service employment to provide enough jobs, and for it to meet the community's need for services, the Federal Government, the District of Columbia Government or both of them will have to participate, either directly as employers or through contracts with new and existing organizations.

Nevertheless, the success of our program is an example of the creation of meaningful jobs that lead into careers in health, welfare and recreation. The success of "New Careers" enrollees in these fields indicates the possibilities for successful employment of neighborhood aides in educational outreach programs and other programs. Programs of this sort could, we believe, be expanded in both private and public agencies to fill the double purpose of creating jobs for those without technical skills and simultaneously providing greatly needed health and welfare services.

Mr. Chairman, as I indicated earlier, I have a supplementary report with more detailed information on Washington area employment problems and on the work done by the Health and Welfare Council's "New Careers" enrollees. I request that this statement be included in the record at the conclusion of my remarks.

Mr. BALL. My name is Markham Ball. I am accompanied today by Mr. Markley Roberts, who is a member of the Committee on Federal Legislation of the Health and Welfare Council of the National Capital Area.

I chair that committee. On my right is Mr. Harry E. Freeman, who is a member of the staff of the Health and Wefare Council. He is responsible for coordinating the new careers program administered by the HWC.

To identify the council for you, HWC is the central agency for developing and coordinating the support of the private sector for health, welfare, and related community services in the Greater Metropolitan Washington area.

It is a nonprofit organization financed chiefly by the United Givers Fund and is responsible for the allocation of UGF funds to eligible private voluntary agencies.

The council is a citizen-led organization representative of all segments of the metropolitan area.

We are very happy to be able to respond to the subcommittee's invitation to appear today and to report on the employment situation in our area. I am talking about only the Washington metropolitan area today, but I think many of our findings will prove typical of situations in other metropolitan areas.

In the District a severe problem of underemployment and unemployment exists. The official unemployment rate in the metropolitan area is something like 2 percent, which sounds very good, and in the District of Columbia the rate is about four and a half percent. But these figures, as I am sure you are aware, do not include people who have removable barriers to employment, but who have just stopped looking for work. These official figures do not count people working part time. They do not recognize that some people are working for less than a poverty wage.

When you take these people into account, you find a quite different situation here.

There is a subemployment rate of about 25 percent. That is, about 100,000 people in the District of Columbia have severe problems of unemployment or underemployment.

Looking at the situation here, this seems to be a problem which will not solve itself.

The Mayor's Economic Development Committee last year projected that there will be a job gap, a need for jobs, of about 50,000 in the District in 1978, and that assessment was based on the assumption that there will be a normal growth of the economy in the next decade.

Furthermore, in this area, and I suspect elsewhere, the growth of new jobs tends not to be in the inner city, but in the suburbs. In this area, jobs in Maryland and Virginia are increasing at a rate of three times as fast as those in the District.

New jobs tend to be highly skilled jobs. Again that compounds the problem.

In our written statement we suggest three possibilities for dealing with this job gap, a gap that is going to occur unless something is done to correct the situation.

First, we suggest that the private sector can do more under properly supported programs of employment and training, and in our statement we list some principles that we think must be recognized in these programs. Let me mention one or two.

One that seems very important to us is that training programs provide training, where possible, for specific jobs. The best programs we have seen in operation in this area are those that operate on the hire-first principle, such as the JOBS program.

There is less slippage, less discouragement, and in the long run more employment and fewer drop outs, if the man is hired first and trained on the job.

Especially in this area, transportation is terribly important. We don't have the transportation system that will get the unemployed to the jobs.

Supporting services and counseling also are very important.

Finally, as this committee is well aware, coordination and consolidation of programs must be accomplished. The Mayor's committee last year counted 13 major manpower programs in the District. There must be consolidation and coordination.

The second possibility for curing the job gap, especially in this area where the Federal and local governments are the major employers, is the additional employment of the poor in existing governmental programs.

Now here there are two obstacles to overcome. One is civil service regulations. Especially at the Federal level, efforts are being made now to change civil service requirements so that the poor are not more or less automatically excluded.

Another practical problem is the problem of ceilings. There are special registers adopted by some of the Federal agencies operating in the District of Columbia for counselors. These jobs do not require any special academic training. These jobs could be filled by the poor, the unemployed, but employment ceilings do not permit it. There are no openings.

Finally our paper discusses the possibility of a new Federal program of public service employment. The mayor's committee estimated that there will be a need for about 35,000 public service jobs, new jobs, by 1978 if the job gap I talked about is to be filled.

We have had some experience at the Health and Welfare Council with what might be called a prototype of this kind of program, the new careers program.

We are in our third year now of coordinating the new careers program in this area, we have placed the unemployed and poor in 30 voluntary agencies that are members of our council.

I can report that it is a successful program. There is good training on the job and in academic institutions. The trainees, of course, are receiving personal benefits in having the satisfaction and remuneration of worthwhile jobs. The agencies themselves, I think, are benefiting because, by employing the previously poor, they are learning a lot more about the people that they serve, the poor of this area.

These people are doing jobs that need doing, and they are advancing from the job category of aide to quite responsible jobs in a relatively short period of time.

On the other hand, I have to report that the program is very, very small compared to the needs we have here. In 3 years, there are 135 enrollees.

Now this program could be multiplied many times. I am sure that more could be done in the voluntary agencies. But it is inconceivable that the voluntary agencies themselves in this program could make more than an insignificant dent in the total job need in this area.

I think our New Careers should be studied, because it is a prototype of what can be done, but to do the whole job, as we see it, will require a governmental involvement in programs, new programs sponsored by the Government.

In conclusion, Mr. Chairman, I must emphasize that I am not really here as a manpower authority. I did want to share with the committee the experience that our agencies have had, and I wanted to express the concern that our agencies, and the volunteers who support them, feel for the problem of unemployment in our area.

It is one of the root problems behind many of the ills in our community.

I hope this statement has been helpful to the committee, and I hope that eventually, with this committee's good work, we can look forward to the day when a decent job is a realistic possibility for each of the members of our community and our Nation.

Thank you, Mr. Chairman.

Mr. Gaydos. Thank you, Mr. Ball.

Mr. Hathaway?

(The documents referred to follow:)

REPORT ON EMPLOYMENT AND UNEMPLOYMENT IN THE WASHINGTON, D.C., METROPOLITAN AREA

AREA STUDIED

The Washington, D.C. standard metropolitan statistical area includes Montgomery County and Prince Georges County in Maryland, the four Virginia counties of Arlington, Fairfax, Loudon, and Prince William, and three independent Virginia cities of Alexandria, Falls Church, and Fairfax. The SMSA population by mid-1971 will be about 3.2 million and the labor force will be about 1.5 million. This projection assumes inclusion of Charles County, Md., into the SMSA after the 1970 census.

PRESENT EMPLOYMENT TRENDS

The recent growth of industry, population, labor force, new job opportunities, and employment in the area has come primarily in the suburbs of Washington. Employment grew three times as much in the Maryland and Virginia suburbs as in the District of Columbia from 1962 to 1966.

However, the growth of job opportunities has been primarily in highly skilled, professional, and technical occupations. The expansion of the area's economy has not opened up the types of jobs that are needed by most of the unemployed and underemployed people in the area who lack the education and skills and transportation to compete successfully for available jobs.

Federal, state, and local governments in the Washington area in 1968 employed more than 35 percent of the work force in 407,000 jobs, of which 312,000 were Federal jobs. The second biggest source of employment, with 19 percent of the total, was services with 216,000 jobs. Retail trade with 14 percent—165,000—was the third largest source of employment. In other metropolitan areas manufacturing employment opportunities for semi-skilled and relatively unskilled workers account for about 30 percent of total employment. In the Washington area the manufacturing sector accounted for only 3.7 percent of the total. Other major employment sectors in the Washington area were construction, about 5 percent; transportation, communication, and utilities, 5 percent; and finance, insurance, and real estate, about 5 percent.

About 618,000 or some 55 percent of the area's jobs in March 1968 were in the District of Columbia, about 276,000 or some 25 percent were in the Maryland suburbs, and about 255,000 or 20 percent were in the Virginia suburbs.

A 1968 study by the U.S. Employment Service for the District of Columbia reports "increasing needs for workers of virtually all types; nevertheless, the more crucial needs in this area continue to be for the more highly educated or better skilled workers." Similarly, the 1968 report by Hammer, Greene, Siler Associates, "Labor Force Supply and Demand in Metropolitan Washington, states that "the direction of skill requirements changes is clearly toward higher skilled and professional occupations in the short run."

UNEMPLOYMENT AND UNDEREMPLOYMENT

The USES–DC report indicates that unemployment in the Washington area is generally between 20,000 and 30,000 a month, with the bulk of the unemployed being persons in the process of changing jobs. "At any one time during the rest of the year, therefore, there are less than 10,000 job seekers available to fill existing demands for workers," the USES–DC report stated. "Most of these job seekers have limited qualifications, and cannot be matched against the demands of local employers for qualified workers." The USES–DC report went on to say:

"This tight labor supply situation was well corroborated by an analysis made of about 15,000 job seekers registered for employment at the U.S. Employment Service for D.C., during the survey in 1966. The analysis indicated that one-half of the applicants were not fully qualified in the occupations in which they were seeking work. Almost half of the unqualified applicants were in the 22 to 44 age group; the age group generally most acceptable to employers. The remainder was divided equally between the under 22 and over 44 age groups. About one-third of all applicants indicated limited availability as to hours, earning or other conditions; about 22 percent had poor work histories; and an equal proportion had limited education. Other problems involving as much as ten percent of this group or more were lack of specific occupational qualifications, poor appearance and personal habits, physical and mental handicaps, lack of experience, and police records. These problem areas were not treated as being mutually exclusive in the analysis, therefore, many of the underqualified were inhibited in the job seeking process because they fell into two or more of the above categories."

The USES–DC report states that "the probable number of underemployed persons in the city of Washington indicates that the number may be as much as five times the number of unemployed," with about 55 percent of the underemployed being persons working at jobs paying less than subsistence wages or working part-time when they would like to work full-time.

The Hammer-Greene-Siler report makes a similar point after surveying metropolitan area unemployment data: "The plain truth is that existing official data show only a partial picture of unemployment as it relates to the area's serious socioeconomic problems and are a faulty basis for any policy or program formulation." The area's 1968 unemployment rate was 2.2 percent, indicating that area unemployment is mainly seasonal and frictional. The HGS report points out that official unemployment data cover only those who report and claim unemployment benefits while those who do not claim unemployment benefits or who work in "uncovered" jobs such as self-employed persons and domestics are left out of the official unemployment statistics.

Insured or "covered" unemployment in Washington's Maryland suburban counties of Montgomery and Prince Georges was 157 persons in 1967 and in the Virginia suburbs was 170 persons in 1967. In the District of Columbia, however, insured unemployment was 16,306, with 30 percent of these in the unskilled category, 24 percent in the "clerical & sales" category, and 21 percent in the service category of occupation. However, the Hammer-Greene-Siler report projects Washington's SMSA nonwhite underemployment in 1970 at about 160,000—18,000 in the Maryland suburbs, 16,000 in the Virginia suburbs and 126,000 in the District of Columbia. Even if the inadequacies of available unemployment data are accepted, it is clear that the unemployment problems of the Washington Metropolitan Area focus on the District of Columbia.

A sub-employment index for Washington, D.C. was developed by the Manpower Administration for the District of Columbia using data for December 1968. The report issued on this data showed one out of four members of the "adjusted labor force" posing a serious employment problem.

	District of Columbia aggregate	District of Columbia aggregate nonwhite	Model city area District of Columbia	Model city area, nonwhite
Labor force	374,570	255,296	51,099	46,941
Employment	357,665	241,281	48,553	44,485
Unemployment	16,905	14,015	2,546	2,456
Unemployment rate	4.5	5.5	5	5.2
Part time	12,491	10,266	1,975	1,906
Nonparticipants	16,246	15,370	3,031	2,929
Underutilized	45,642	39,651	7,552	7,291
Adjusted labor force	390,816	270,666	54,130	49,870
Underutilization rate (percent)	11.7	14.6	14	14.6
Under $3,000	44,617	31,473	6,998	6,390
Subemployment	90,259	71,124	14,550	13,681
Subemployment rate (percent)	23.1	26.3	26.9	27.6

In the categories above, "part time" means persons involuntarily working part-time because full-time work is not available; "non participants" are persons not working and not looking for work but who would probably enter the labor force if they were provided the proper assistance, "underutilized" represents a total of unemployment, part-time, and non-participants—persons with removable barriers to full and useful employment; "adjusted labor force" adds to the employed and unemployed those who are so discouraged that they have given up looking for work; "under utilization rate" shows the under-utilized as percent of the adjusted labor force; "under $3,000" represents heads of households and unrelated individuals who are employed full-time but have annual net income below the poverty level; "sub employment" shows the total of unemployment, part-time, non-participants, and "under $3,000", and the "sub employment rate" shows sub employment as a percent of the adjusted labor force.

The sub-employment index report shows that in December 1968—the same month when 16,905 persons in the District were unemployed, 45,642 persons were under utilized, and 90,259 persons were in a sub-employment category—the U.S. Employment Service for the District of Columbia had only 3,532 unfilled job openings and 1,940 of these, more than half, were in professional, technical, and managerial occupations.

THE GOAL—FULL EMPLOYMENT

In June 1969 the Mayor's Economic Development Committee issued a summary "Overall Economic Development Program for Washington, D.C." calling for action to achieve the city's full employment potential. MELCO's full employment goals were as follows:

- Reduce unemployment in the "optimum potential" labor force to 2.5% This means bringing into the labor force many unutilized but potentially employable people who have customarily not been counted in it.
- Increase by 96,500 the number of jobs available for District residents and particularly for the low-income population. These jobs should come from 194,000 additional jobs "budgeted" for 1978.

There are three reasons for these ambitious but realistic job goals: (a) they are the most desirable way to produce more income for low-income people, (b) we can all benefit by the increased output which sustained full employment yields, and (c) we can unite unused manpower with the servicing of unmet public needs.

The job budget set forth in this study comparing 1978 with 1968, is as follows:

	More jobs
Private enterprise, projection of normal trends	74, 000
Manufacturing, increment above normal trends, through special efforts	15, 000
Federal Government, projection of normal growth	54, 600
District Government, normal growth	15, 500
To meet public school needs, both construction and school personnel	4, 000
Higher public education	3, 000
To meet health needs in public hospitals, and public health clinics, both construction and operating personnel	9, 000
Child development programs	3, 000
To achieve decent housing for all	12, 000
To improve transportation	4, 000
Total	194,100

About 144,000 of these additional jobs, in private enterprise and government, should occur through normal trends.

The 15,000 more jobs in manufacturing, over and above projection of normal trends, depend on a wide variety of efforts. . . . They include new training programs, revised taxes, reduced discrimination, and an expanded industrial sector.

The 35,000 additional jobs in education, health, housing, and transportation depend upon sufficient expansion of public financial assistance to assure the needed expansion of these programs.

PUBLIC SECTOR EMPLOYMENT

The MEDCO goal of 35,000 additional jobs in education, health, housing and transportation underscores a growing public concern about the need for opening up more job opportunities in the public sector of the economy. The role of private profit-making enterprise is essential. The growth of manufacturing employment in the District of Columbia must be encouraged. However, past patterns of industrial development in the city and its suburbs do not indicate that private profit-seeking enterprises will provide enough jobs of the kind which can be filled by the unemployed, underemployed, and unutilized manpower which is concentrated in the District of Columbia.

A 1968 survey for the Urban Coalition by Harold Sheppard of the Upjohn Institute indicated that at least 141,000 persons without professional or technical training could be hired almost immediately in 130 cities with population over 100,000 if funds were available. These jobs would be in regular city departments with supervisors available and work tasks already defined. The services needed were in the following areas: anti-pollution enforcement, education, general administration, health and hospitals, highway and/or traffic departments, housing codes and inspection, libraries, police, fire, recreation and parks, urban renewal (or rehabilitation) including model cities, sanitation and welfare.

Dr. Sheppard emphasized that the 141,000 nonprofessional, nontechnical jobs was a minimum estimate of the potential for public service employment for a number of reasons, and he noted that his estimates "do not include any estimates from nonprofit private organizations in equal, if not greater need of expansion of their services in urban and rural areas."

HWC "NEW CAREERS" PROGRAM

The experience of the Health and Welfare Council of the National Capital Area and its member agencies employing persons under the "New Careers" program corroborates this judgment about the needs for expansion of services rendered by private voluntary agencies and also can provide some guide to understanding how an expanded public service employment program might work.

HWC has entered into its third annual contract with the United Planning Organization to carry out "an employment program for the unemployed and underemployed designed to create entry level pre-professional jobs with upward mobility ladders leading to a professional career" under the "New Careers" amendment to the Economic Opportunity Act. Under this program, 30 different voluntary agencies in the National Capital area have developed a total of 135 new entry level jobs in the fields of health, welfare, and recreation.

Enrollees receive six months on-the-job training with pay and are assured of employment in the agency at an appropriate salary upon satisfactory completion of training. The Health and Welfare Council is responsible for coordinating, administering, and evaluating the program.

HWC provides personal counseling for the enrollees, participates with the voluntary agencies in planning on-the-job training and with UPO in planning to meet special training needs. Through UPO, enrollees receive six weeks training in community awareness, consumer education, and high school equivalency education.

The HWC Personnel Management Committee has developed "career ladders" to provide upward mobility from the pre-professional level to the professional level. These are not dead-end jobs. Through on-the-job training and through a program of continuing education provided during and after the training period, enrollees are helped and encouraged to move up the career ladder.

"NEW CAREERS" JOBS

The following tables summarize the types and numbers of "New Careers" jobs provided by HWC and its member agencies.

In 1968 seven HWC agencies employed 53 "New Careers" workers at $1.60 an hour for a 40-hour week for six months as follows:

Agency	Type of job	Number of jobs
Hospital for Sick Children	Nurses aide	17
Providence Hospital	do	12
Casualty Hospital	do	10
Group Health Association	Dental aide	1
	Medical records clerk	1
	Nursing aide	1
Health and Welfare Council	Clerical aide	1
YMCA	Recreation aides	2
	Community development aides	5
YWCA	Group work aides	1
	Recreation aide	1
	Clerical aide	1
Total for seven agencies	Health work	41
	Recreation	2
	Clerical work	2
	Community development	5
	Group work	3

In 1969 fifteen HWC agencies employed 41 "New Careers" workers at $1.80 an hour for a 40-hour week for six months as follows:

Agency	Type of job	Number of jobs
Boys Club, eastern branch	Recreation aide	2
Boy Scouts	Program aide	1
Cafritz Hospital	Nurses aides	10
Campfire Girls	Field aide	1
Children's Hospital	Neighborhood group worker	4
	Pediatric technician	2
Columbia Heights Boys Club	Textile aide	1
Episcopal Center for Children	Counselor trainees	3
Friendship House	Teacher aide trainees	2
St. Ann's Infant and Maternity House	Nursery aides	6
Social Hygiene Society	Health education aide	1
Southwest Settlement House	Program assistant trainee	1
YWCA	Recreation aide	1
Total for 15 agencies	Health or health education	20
	Recreation or related field work	5
	Industrial	1
	Teacher aides	4
	Group-neighborhood workers	8
	Specialized counselor trainees	3

In 1970 eleven HWC agencies have enrolled 41 "New Careers" workers at $1.87 an hour for a 40-hour week for six months as noted in the following table. Enrollees are referred by WCEP (the Washington Concentrated Employment Program).

Agency	Type of Job	Number of jobs
Boy Scouts	Staff aides	2
Cafritz Hospital	Health aides	10
Homemaker Service	Homemaker aides	6
Episcopal Center	Counselor trainees	2
Family Service of Prince Georges County	Social service aide	3
Friendship House	Social service aide	1
Ionia Whipple Maternity House	Health aides	2
National Medical Association, Shaw community health project.	Community health aides	12
Salvation Army	Social work aide	1
Lutheran Social Service	Family and child case aide	1
Total for 11 agencies	In health education	24
	In recreation-character building	2
	Family support or homemaking aides	12
	Specialized counselors	3

Mr. HATHAWAY. Thank you, Mr. Chairman.

I appreciate your testimony very much. You realize that there is an administration bill here and also the O'Hara bill, and one of the principal differences is the decentralization of the manpower programs, as advocated by the administration bill.

Do you have any thoughts on that?

Mr. BALL. I am not sure I am competent to get completely into that question, but from our point of view here, I might reiterate what Mayor Washington told this committee some days ago. There has been in Washington, D.C. a good effort made to consolidate programs under the District of Columbia Manpower Administration. Efforts are being made to coordinate these programs with other programs in Maryland and Virginia, but that is not going as smoothly or as quickly as it might.

It seems to me, to really get the job done in an area like ours, at any rate, which transcends traditional jurisdictional lines, some central direction is necessary. The O'Hara bill which would put the Secretary of Labor at the top of the pyramid and enable him to designate a prime sponsor to administer programs on an area-wide basis, makes a lot of sense in solving this problem.

It also seems to me to make sense because it recognizes that, under the prime sponsor in an area, there may be many different kinds of agencies that may have good programs.

That diversity of programs within a framework of central coordination seems to me a very advantageous thing to work for.

Mr. HATHAWAY. I was interrupted a minute ago by my secretary. I may have missed something of your comment with respect to voluntary agencies. How realistic are we being in getting voluntary agencies to participate?

Mr. BALL. Well, the agencies can do part of the job, as I did point out, in terms of solving the need for new careers jobs in this area .

The voluntary agencies can make a dent in the problem. But there has got to be governmental hiring or at least new programs set up under governmental auspices.

The voluntary agencies have another role to play, though, and that is to carry out pilot projects. I think much can be learned from the experience of voluntary agencies.

Mr. Hathaway. When you say on page 5 of your testimony that all training should be for specific jobs, are you talking about available vacancies? Are you talking about just jobs in existence at the present time?

Mr. Ball. No, the thrust of my remarks there had nothing to do with whether new jobs should be created or not. This was assuming we were trying to train someone for a job in industry, say.

We think it is better to have him hired by a company that needs a man and trained on the job than simply to train him in general or train him even for a specific kind of job.

It is better to have the man hired first.

There is less slippage that way, less disillusionment in the long run with that kind of program.

Mr. Hathaway. You are advocating on-the-job training, rather than institutional training?

Mr. Ball. Well, on-the-job training could be coupled with institutional training, but all training should be directed toward a specific job that a man is going to do and that he knows he is going to do.

Mr. Hathaway. It seems to me that we should be spending more money for research in the job-training aspect of our economy. It is very difficult to get funds for this purpose because of some prejudices that we have in Congress against research.

I wondered if any one of the three of you have any thoughts on this?

In England, for example, they are doing a considerable amount of research on training programs to train people in common denominator skills so that they are not really training for any specific type of job.

They are being trained, to give a simple illustration, in how to hold their hands in a way that would cover turning screws and various other skills. Do you have any comments on that?

Mr. Roberts. In response to that question, one of the biggest problems in getting the disadvantaged people from the inner city geared into the employment structure is not so much a skill problem as it is the inculcation of conventional habits and work ethics which most of the middle-class society has.

I think, as Mr. Ball indicated, it is much easier to bring a person into a job, convince him he has a future if he works at it, and give him skills on the job, but an essential part of this process is getting the individual newly hired to turn up at work on time, to come back day after day and week after week, and simply to perform in the way that we have come to expect people to perform on a job.

It is not so much a skill problem as it is the problem of the work ethics and work habits. This kind of inculcation of work habits and work ethics is done in some of the institutional training programs, but it can be done in on-the-job training if the employers are sensitized to the needs and problems of these newly hired people.

Mr. Hathaway. Do you think we should have more research along these lines, or do you think we know all we need to know?

Like pilot projects. We have had them in the past, and have them ongoing now, where we train people in penitentiaries and in jails to be able to take a job when they get out.

Mr. ROBERTS. My guess is that there is a great deal of research information in the Manpower Administration which has not been evaluated and is not being fully applied.

I am in agreement with the thrust of the question about the need for more research. I think we do need more research and we do need a greater understanding of the motivations of the hard core disadvantaged unemployed people in the inner city.

However, we already know some of the things that work and some of the things that don't work in bringing these people into a regular employment situation in which they can function successfully.

Mr. HATHAWAY. Mark, in your public service concept, point No. 3, which is included in the O'Hara bill, would you envisage that the people would stay employed that way for the rest of their lives, or would you envisage it as a training program in which they would be publicly employed for a 2-year period and then go into the private sector?

Mr. BALL. Of course, the way a person begins work in such a program is not the way he ends up. He starts off with relatively undemanding jobs and proceeds to more responsible jobs that require greater training.

As he acquires those skills obviously the worker is able then to go off into private employment, other Government employment, a lot of different things, provided, however, that the jobs are there.

The figures in the District of Columbia indicate that unless some kind of public service program is in existence to increase the number of jobs to the level where it should be, a man having even the skills I have talked about will have trouble getting a job, or if he gets a job, he will displace someone lower down on the ladder.

Mr. HATHAWAY. The problem I visualize would be that *x* number of people would be accommodated by the public program, but you say that additional people will be coming out of school. Therefore, unless we move the people in the public service along into the private sector, we are not going to accomplish the present goal.

Mr. BALL. If the jobs were there, this would be an excellent vehicle for moving them into the private sector.

Mr. ROBERTS. Might I interject here that that presupposes an expanding economy and certainly expanding job opportunities, because unless you do have an expansion of job opportunities there won't be those private employment opportunities for people to move into from public service work.

Mr. HATHAWAY. Yes. Public service is just a way station, and perhaps the public service should be geared to coming vacancies in the private sector as well so that they will get the proper training.

Mr. BALL. These jobs are more than a vehicle to lead to something else. They are jobs that do need doing.

Mr. HATHAWAY. Yes, I agree with that. But a person who is going to learn to cut grass on a public highway—that would tie in with cutting grass on a private cemetery, or a golf course, or something like that.

That is what I meant, having jobs that were not just oriented to the public sector, but jobs which have comparable availability in the private sector.

You mentioned that your first method of taking care of the unemployed was in the private sector. Did you mean we should subsidize the private sector?

Just what did you have in mind? I know that under Secretary Wirtz the private sector did cooperate in taking some of the hard core unemployed, and the Government paid nothing for their training and employment.

Is that what you had in mind?

Mr. BALL. It is surprising how many employers under the JOBS program, even with Federal money available to help them with training, have preferred then not to use the Federal money, but to train themselves.

They know how to do it, and they do it quite well. But I think to make the program fully satisfactory, there must be Federal money and Federal know-how available. Many employers need help to bring the previously unemployed into their work forces, inculcate them with not only the skills to do the job, but the attitudes that are required.

So I do see Federal efforts and Federal expenditures to encourage the private sector to do the new additional hiring which we think is necessary.

Mr. HATHAWAY. Like tax incentives, or direct payments?

Mr. ROBERTS. Could I add a word there?

Mr. HATHAWAY. Sure, sir.

Mr. ROBERTS. I participate in the Mayor's Task Force on Construction Problems here in the District of Columbia and one of the major issues in this community is a need to rebuild the inner city.

There is a great deal of new construction that is needed, in part because of the riot destruction, and in part simply because the inner city has a lot of old buildings, and there is a need to renew and revitalize the inner city.

There are many cases where small black contractors and even some of the bigger black contractors could handle a great deal of the construction work, but they have had difficulties in finding the seed capital, the technical assistance, the actual financing, which will enable them to operate effectively as contractors, and as employers, using manpower from the inner city.

In the absence of the work being done by these contractors, it often goes to the contractors from outside the area and often the outside contractors bring in labor from outside the community.

If the Federal Government can assist some of these inner city contractors and other employers in finding the technical assistance and seed capital and just regular old line financing that would enable them to get a bigger portion of the work that needs to be done in the inner city, this would be a great help in meeting the problem of our inner city unemployment. I think that we don't have to use the kind of incentive that you were referring to, but we can get great expansion in employment by encouraging the inner city employers.

Mr. BALL. I think we tend to favor the direct rather than the indirect stimulus here; that is, putting the loan money and training money right where the need is, rather than relying on the more indirect route of tax incentives.

Mr. HATHAWAY. I agree with you. Mr. Freeman, you are free to chime in any time you want.

Mr. **Freeman**. The only thing I would like to bring to the attention of the committee, and I would like to emphasize this, is about the new careers program.

It is on page 7 of our written statement. It is to keep before the committee and the public the concept of the new careers program itself, to create and develop jobs before we decide to put anyone in the program, and, most important, to incorporate the career ladder, and at the same time to add a continued education phase, so that we don't make any of our jobs deadend at all.

And we are saying to the careerist, the sky is the limit, provided you have the initiative and gumption to do certain things on your own to move up the ladder.

Perhaps in a 2-year period they would like to move on, but we have given them the tools and equipment so that they are now able to move on their own.

Mr. **Hathaway**. Thank you.

Regarding your second point on Government programs, were you speaking just for the Federal Government, or State governments as well?

Mr. **Ball**. No; the District of Columbia government here is a major employer. It has something like 100,000 employees and as a major employer it has a major responsibility.

Mr. **Hathaway**. Do you think some consideration should be given to States and localities so that they in turn can make up any loss that occurs?

Mr. **Ball**. That is an interesting idea that we have not pursued. It certainly makes very good sense that the local government should be treated in this respect as private industry is, and given some incentive to work on this problem.

Mr. **Hathaway**. I think that, especially in the public sector, our philosophy in this country is a little backward. Under the British Industrial Training Act, each industry in Britain is assessed a certain amount of money to train their employees.

The general government gives them very little aid, and I would welcome the adoption of such a principle here in this country. If they are going to benefit by it, they really ought to pay for it.

With respect to the public sector, actually we should do everything we can.

Mr. Chairman, I thank you for the opportunity to question the gentlemen, and I thank the gentlemen for their testimony.

Mr. **Gaydos**. You mentioned the item of transportation; Mr. Hathaway did not talk about it, or mention it. But it is a factor. Would you comment on this?

Does Washington, D.C., have any more serious transportation problem than Pittsburgh, or New Orleans?

Why do you mention transportation?

Mr. **Ball**. I doubt that it has a significantly more inadequate transportation system.

Mr. **Gaydos**. That is the first time a person mentioned transportation, to illustrate the fact that it is a cost factor and a lot of people don't have money to use it.

Mr. BALL. We have three panelists ready to answer this, but let me start this way:

If you have industry on the beltway, you need a car to get to work. For people living in Northeast or Northwest Washington, the bus business that they have to go through to get there is very, very difficult, and sometimes, as a matter of fact, they can't get there, because the Virginia or Maryland buses that they ultimately transfer to will not get you out to the beltway.

Mr. GAYDOS. They won't?

Mr. BALL. Not to every point on the beltway, Mr. Gaydos.

Mr. GAYDOS. I am interested to hear this. I want to know how it affects the training program.

Mr. FREEMAN. It does affect it.

When you have a new careerist in training, the pay itself is very small, and when you are contracting with agencies in our neighboring States of Virginia and Maryland, then we run into the fact that we have to pay two bus transportation fares, one for the District and perhaps another 30 cents to go into Maryland.

But because the stipend itself is so very small, the trainees have a problem.

Mr. GAYDOS. Are you talking about the cost of the transportation or the convenience of it?

I don't follow you. I used to take three buses when I went to work. I did it for years.

Mr. FREEMAN. No; we are talking about the cost itself as far as the bus is concerned, because the new careerist coming into a training program is being paid a very small salary. When you must go to work 5 days a week, and you have to pay something like 32 cents for the Washington bus, and an additional 30 cents when you get on to the Maryland bus or the Virginia bus, and you multiply that twice, and by 5 days a week, and you keep in mind the small salary they are paid, it is a problem.

But when they move to their second step and the salary is increased, then they can handle it on their own. In the training program, though, it is a problem for them.

Mr. GAYDOS. What do you suggest we do to attack this problem here or any place else in this country?

Mr. BALL. In some communities, companies will charter buses that will go from the inner city area to their plants in the suburbs and under the JOBS program for instance there has been Federal financial support available for this kind of expenditure.

Mr. ROBERTS. This is a problem that I am particularly conscious of, because I work with a training program, Project Build, which prepares young men from the inner city for apprenticeship in the building trades.

After they have become apprentices, a good deal of the employment opportunities are out in the suburbs, and we have found that a substantial part of the dropout rate is explained by the difficulties of these young men without cars getting to construction sites where there may be no service at all.

Now you raised the question earlier, Mr. Chairman, how does Washington differ from other cities? I suspect we share some problems, but we have one characteristic here which is different.

As you know, a high proportion of the employment here is in government, and this tends to be not the kind of jobs which the unskilled, disadvantaged people from the inner city are particularly able to fill. I am not speaking here of services such as low paid jobs in sanitation, and perhaps labor, but we have a high proportion of white-collar employment in the central city. In most other cities the employment has been concentrated in the city and, even though there is a spreading out of employment in the suburbs, the initial place where employment is concentrated was in the center of the city.

In Washington, we have never had industrial employment to any large extent in the central city.

In a prepared supplementary statement which is attached to our testimony, we mentioned that in other metropolitan areas manufacturing employment opportunities for semiskilled and relatively unskilled workers account for about 30 percent of total employment. In the Washington area, the manufacturing sector accounted for only 3.7 percent of the total. In contrast with the Washington situation, in other communities, Pittsburgh, Detroit, and other communities like that, you have a large concentration of manufacturing employment opportunities in the central city.

So when the people in the inner city are looking for jobs, there may be opportunities there which we don't have here.

Mr. GAYDOS. I am from the Pittsburgh area, and I will accept part of your explanation, and admit that this is a distinction.

Yet, on the other hand, people in my district would like to have the Washington atmosphere around their area. Whether that is justified or not, I don't know, but let me ask you this question: You mentioned, Mr. Ball, the 25 percent unemployment figure.

The average in my hometown is high, and I know the problem we are wrestling with now. That 25 percent, could you explain to me again how you arrive at that?

Mr. BALL. Yes; this is a figure we did not develop. It was developed by the Manpower Administration of the District of Columbia.

We have the full development of that figure set out in our supplementary statement, on page 4. That figure includes those who are unemployed under the official definition; and in the District that number was 16,000. It includes 12,000 part-time workers. It includes nonparticipants who have what the Manpower Administration describes as removable barriers to employment, another 16,000 people. It includes finally, those who were working in 1968 for under $3,000; that was 44,000 people.

The total in 1968 was about 90,000 in this subemployed category.

Now all these people, whether they fall within the official definition of the unemployed or not, have got serious problems of unemployment. We are talking about a substantial number of people.

Mr. GAYDOS. I was wondering at the outset of the depression, you had unemployment lower than that.

I am not attempting to ridicule your figure. I will accept that explanation because the problem is becoming critical.

Mr. BALL. It is simply a problem of who you count when you come up with your figures. The present official methods of counting don't count everybody, and as a matter of fact one thing that seems called for in this whole field is a better system of measurement so that we can fully understand the dimensions of the problem.

Mr. Hathaway. Would you yield?

Mr. Gaydos. Yes.

Mr. Hathaway. The proposed amendments to the welfare program would supplement the wages of the underemployed.

Mr. Ball. Yes, they would.

Mr. Hathaway. It would reduce your subemployment figure.

Mr. Ball. Yes, it would.

Mr. Gaydos. You talk about 135 enrollees. Is that your total figure in the new careers program?

Mr. Freeman. Yes.

Mr. Gaydos. That is over a 3-year period?

Mr. Freeman. We are entering our third year. The program is sponsored by and through the Labor Department, and UPO.

Mr. Gaydos. I remember your having a statement, or Mr. Ball did, on the experience you had with those enrollees. In most instances it was good, but in some instances bad. Could you tell me how many of those people were still working, or where the bad element of it is, or what this consists of?

Mr. Freeman. Yes; we have that in the supplementary report here, but I can touch on it for you. Out of the 94 that we had in our first two contracts, we have good success with 58 of those now.

They have now moved to the second step of the career ladder.

Mr. Gaydos. A little over 50 percent.

Mr. Freeman. Yes. Out of that same figure, we have some who gained experience in the New Careers program, and they decided to move on to the Government segment, and then we have those who withdrew from the program on their own, and others we had to terminate because of critical problems.

Mr. Gaydos. Your opinion is that the program is worth while and should be expanded?

Mr. Freeman. It is workable, and has now worked.

Mr. Gaydos. We have had some experience in our area, I have made an attempt to examine the OEO program in all its ramifications. I find it works in 50 percent of the cases.

I am a firm advocate of that kind of Government operations and I know from personal experience that there are some areas we have to clean it up.

We have to make changes, and I am inclined to agree with you that it is a possible area we could expand upon, but we do have deficiencies, and programs that never will work.

We have learned through experience and the expenditure of large sums of money that some of the programs won't work.

I am glad to hear that you feel so strongly about this one area of the OEO program.

I think I concluded properly, and you correct me if I am wrong. I think that all of us are talking about the same thing when we refer to the job gap.

I think that is one of the main points that you made as far as on the job training approaches to the problem, that you can't train somebody if you have no job opportunity or should not train him if there is a frustration as a consequence.

We are wrestling with the problem and with the programs, New Careers, somewhat similar to it, Upward Bound, and in other areas we have had the private sector where they have taken them upon themselves.

We had a gentleman testify, one gentleman started on on the job training. He had limited financial help from the Government, and all of them seemed to conclude, as you have, that we have to approach manpower in conjunction with job opportunities.

It is going to be difficult, and it is going to take better programing than this country has ever experienced in its history.

I think it is critical. I think that is one of the main points.

Mr. BALL. It certainly is.

Mr. GAYDOS. Is there anything else that anybody would like to say or have appear in the record?

I want to impress upon you that although the full committee is not here, that your testimony is part of the permanent record, and members have it available to them, and the staff has it available, and people generally can make a request.

It is unfortunate that then we have three subcommittees scheduled at the same time. Consequently, we can't all be here, but I want you to know that your presentation is not wasted, that it will be read, considered, and exhaustively examined.

I want to thank you for your time in coming here.

Mr. BALL. I wanted to thank you, Mr. Chairman, for your time and the great interest you have shown.

Mr. GAYDOS. It is our pleasure. On behalf of the committee chairman, Mr. Daniels, I extend his thanks and appreciation for making the arrangements to come here, and thank you for your valuable time in coming here, and taking time to prepare this document and allowing us to gain value from questioning you, even though it is limited and the whole committee is not here.

I want to thank you and we will adjourn at this time.

Mr. BALL. Thank you.

Mr. GAYDOS. The hearing will resume in room 2261 at 9:30 tomorrow morning.

Thank you, gentlemen.

(Whereupon, at 12:10 p.m., the Select Subcommittee on Labor recessed, to reconvene at 9:30 a.m., Friday, April 24, 1970 in room 2261, Rayburn House Office Building.)

MANPOWER ACT OF 1969

FRIDAY, APRIL 24, 1970

HOUSE OF REPRESENTATIVES,
SELECT SUBCOMMITTEE ON LABOR OF THE
COMMITTEE ON EDUCATION AND LABOR.
Washington, D.C.

The subcommittee met at 9:55 a.m., pursuant to notice, in room 2261, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels and Erlenborn.

Staff members present: Daniel H. Krivit, counsel and Cathy Romano, research assistant.

Mr. DANIELS. The Select Subcommittee on Labor will come to order. This morning, we continue hearings on legislation dealing with the establishment of a comprehensive national manpower program.

Our first witness is Mrs. Mary Dublin Keyserling, representing the National Council of Jewish Women. I extend to you a most cordial welcome, Mrs. Keyserling.

STATEMENT OF MRS. MARY DUBLIN KEYSERLING ON BEHALF OF THE NATIONAL COUNCIL OF JEWISH WOMEN, THE NATIONAL COUNCIL OF CATHOLIC WOMEN, THE NATIONAL COUNCIL OF NEGRO WOMEN, AND THE NATIONAL BOARD OF THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

Mrs. KEYSERLING. Thank you. I am glad to be here. In addition to representing the National Council of Jewish Women, I am speaking for the National Council of Catholic Women, the National Council of Negro Women, and the National Board of the Young Women's Christian Association which wish to join in this statement and have authorized me to testify also on their behalf.

We are an ecumenical movement of women.

Mr. DANIELS. Completely in accord with the times.

Mrs. KEYSERLING. I am a member of the National Council of Jewish Women, an organization established in 1893 with a membership of over 100,000 in local units throughout the United States.

I am an economist and served during the administration of President Johnson as Director of the Women's Bureau of the U.S. Department of Labor, from March 1964 until January 1969.

I am now an economic consultant in private practice. My earlier experience includes service as Associate Director of the Conference on Economic Progress, in various economic posts in the Federal Service, as Executive Director of the National Consumers League, and as a teacher of economics.

The National Council of Jewish Women for over three-quarters of a century has not only been concerned with employment problems, but many of our members are engaged in helping to develop employment opportunities for youth, for senior citizens and others.

Over the years the delegates to our conventions have made commitments to work for job opportunities for those who are in need of employment. At our last biennial convention held in April of 1969 the delegates adopted the following resolution:

> The National Council of Jewish Women believes that the economic policies and programs of all levels of government should be designed to develop our full human, social and economic potential.
>
> *It therefore resolves,* To urge the formulation of long range government policies and legislation which will encourage growth and assure expanded economic opportunities and full employment with safeguards against inflationary pressures and inequitable taxation.
>
> To work for measures which provide training for available job opportunities for the untrained, the underemployed and those unemployed as a result of technological developments and other changes in the economy.

The four organizations for which I speak this morning welcome this opportunity to comment on the administration's manpower proposals and other major manpower bills now under consideration. We are in accord that there is urgent need greatly to improve and strengthen our national manpower policies and programs. We wish to speak this morning about some general principles which we hope your committee will bear in mind in proposing legislation toward this end.

We believe that manpower policies and programs must be essentially threefold in purpose. They must relate not only to effective job training. They must be directed towards the assurance of good job opportunities, and at least at a living wage, for every man and woman able and willing to work. Training without job availability is a mockery. And the third purpose is to match the worker and the job to the very best of our ability.

We urge that these three purposes be firmly integrated in forthcoming manpower legislation.

We need positive programs actually to lower existing unemployment and underemployment and the hidden unemployment that has been with us on an excessive scale in recent years.

We had little reason to be smug even when our recorded unemployment rate last year averaged 3.5 percent. This was far from an acceptable achievement for some 11 million people who were then either jobless or working part time when they wanted full-time work, or in jobs which paid too little to take them out of poverty.

That 11 million figure is an official figure which I took from the President's Manpower Report, of January 1969. I have seen figures much higher than that as high as 15 million—but this I used as an official Labor Department estimate.

These are the people whose needs our manpower policies and programs must be especially directed to meet. Their number has undoubtedly increased this year as the recorded unemployment rate has risen.

Manpower legislation to be acceptable, in our judgment, must not only improve the method of administration and operation of manpower training programs; to the extent our monetary and fiscal policies fail to assure the full employment to which we should be committed, it should provide for contracts with public and private nonprofit organizations to provide employment in the wide range of public services of which we are acutely in need.

Our hospitals, our day care centers, and our schools and other social institutions are sadly understaffed. To have hands and minds idle when there is so much socially necessary work to do is anachronistic in the extreme.

And may I take this opportunity to emphasize that more than one-half of the 11 million unemployed, underemployed, and working poor last year were women, a large proportion of whom were the heads of their families.

If we face up to our responsibility as a nation to return to the economic mainstream those whose rightful place it is in the residual task of reforming our welfare system will be a far smaller task. What is more, not only will those benefit to whom jobs at a living wage can and must be assured; the entire community will benefit. There is no better way to cut welfare costs than to help the jobless and underpaid become self-sustaining members of society. And to do so is a very good, humane, and just way to increase tax revenues.

In this connection we would like to turn to several other general manpower policy and program considerations.

I mentioned that half of the more than 11 million jobless, underemployed, and working poor are women. The barrier to the employment of many of these women is the unavailability of child day care at an affordable price.

Meeting this deficiency is as much a part of a sound manpower policy as training itself. It is an aspect of manpower policy, a very important one.

Today close to 5 million employed women are mothers of preschool children. Facilities should be available to care for several million of these youngsters. Yet there are presently only about 600,000 day care places available.

The scarcity of service right now is appalling. If we believe that work opportunities are needed for many additional mothers as our organizations do, one of our first responsibilities is to provide the care and service needed—good care conducive to child development.

This we have almost entirely ignored. Our present manpower policies under the WIN program for example, provide funds for the purchase of care but do nothing to augment its supply.

(And I might interpose here that the family assistance program passed by the House last week repeats this, if I may say so in quotes, "error." It provides funds for the purchase of care, but not funds for the construction of facilities.)

And care in all too many instances just has not been purchasable. In consequence of this, Department of Labor officials have reported that "the lack of child care services has been the most serious single barrier to the success of the work incentive WIN program."

Forthcoming manpower legislation should help to remedy this deficiency. There will be little point to work incentive and training programs for many of the women in need of training and jobs unless this can be done.

We must not minimize how serious a barrier to employment is the present day-care service shortage. A few years ago a Department of Labor survey of 10 economically deprived areas revealed that about one out of every five residents, not then in the labor force, were prevented from seeking employment because care for their children was not available. A recent New York City survey indicated that seven out of 10 women welfare recipients wanted employment. Six out of 10 of the mothers of preschool children wanted employment, an extraordinarily high figure, but lack of day care barred this. The seven out of 10 figure referred to all women welfare recipients, regardless of the age of their children. Studies in other areas confirm the universality of this finding.

Another manpower problem of great concern to us, which should have greater legislative attention, is the need to provide for the upgrading of entry level employees through training on the job in order to assure more rapid and more adequate utilization of their potentials and to make room at the entry level for many of those presently jobless.

Also insufficiently stressed is the need to separate from existing professional, semiprofessional, and skilled job assignments the lesser skilled tasks which can be efficiently undertaken by those in lower ranking jobs or now not at work.

We suffer from an anomalous situation: an acute shortage of skilled workers in many fields side by side with a dearth of opportunity for the relatively unskilled or semiskilled. We have done far too little to tackle this problem of new career development. We need "aides" in our schools, hospitals and clinics, settlement houses, libraries—to mention just a few of the many places where there are far larger jobs to do than we are accomplishing.

It will take additional public funds to create more of these needed slots in today's economic climate. But it will take more than this. It will take new concepts of work organization and willingness to break down false professionalism and it will take stronger Federal legislative support.

Turning to the preparation of people for jobs—we recognize how difficult is the matter of improving administrative organization and operation. There has been a proliferation of manpower training programs. There has been inadequate coordination. There have been weaknesses in Federal-State-local administrative relationships.

We concur in the desirability of vesting responsibility under the authority of the Department of Labor for the consolidation and funding of all federally assisted manpower programs. But we question the methods proposed by the administration's manpower bill, decentralizing the administration of the major Federal programs to the States and localities. While we recognize that the bill provides for a three-stage turnover—first to develop acceptable plans, second to put the plans into operation, and third to reward effective operation or penalize poor performance—the success of the approach rests on the assumption that all States are willing and able to do a first-rate job which is demanded if we are adequately to meet our manpower needs.

In all likelihood the State employment services would be assigned by the Governors to manage the States' manpower programs. In past years most of these services have not been geared to meet the needs of the especially disadvantaged. Many have not shown the proven capacity to undertake the tasks which the administration bill envisages. Further the approach suggested assumes that the Secretary of Labor will be able so to evaluate and monitor the State and local programs as to assure effective operation.

The difficulties involved in reconciling State and local conflicts, in approving or disapproving State plans and of withholding funds from going programs found not to be up to standard, despite political pressures, would be immense in scope.

We would favor the approach such as that suggested by H.R. 11620, introduced by Representative O'Hara and pending before your committee.

This approach provides for far greater flexibility. It would permit the Secretary of Labor to effect the types of changes envisaged under the administration bill but only providing the circumstances warranted.

It would give him greater scope for discretion, wider choice with respect to the agencies—State and local, public and private—best suited to the task. It would centralize responsibility, and in our view this is needed. The buck would stop there. It would be far more conducive in our judgment to strengthening national manpower policy which must be national in scope. Fifty separate manpower policies on the part of 50 States would be chaotic.

We need a national manpower policy geared closely with national economic policies of which it is an intrinsic part. There should be the closest possible cooperation between all Federal agencies whose policies and programs relate to the achievement of manpower goals. This necessary policy integration in today's world can only be achieved at the Federal level. This we believe is recognized in the O'Hara approach.

H.R. 11620 proposes that weekly training allowances meet at least the minimum standards set by the Federal Fair Labor Standards Act. The administration's bill in setting full time institutional training allowances, at only the average weekly wage in unemployment insurance covered employment in the trainee's home State—after July 1, 1972—we regard as seriously inadequate. The wage of OJT trainees we note, in the administration's bill, would be the legal minimum or the going rate. But why the distinction between the trainee off the job and those on the job? Their needs are the same. And substandard payments anywhere are a threat to the basic minimum wage structure.

May we comment, too, on a very important manpower policy aspect of the administration's welfare reform bill which would designate the State employment services as the agencies to administer family assistance for training and jobs. We recommend the federalization of the employment service. We see this as vital if we are to move, as we should, to Federal standards for work training allowances, for work referral and for wages to be paid.

We wish to record our view, in this connection that the Federal Fair Labor Standards Act should be strengthened to provide a more adequate minimum wage in order to meet current living costs, to extend coverage to all workers, including migratory workers and household employees.

And again may I interpose briefly?

Our household employees represent some 2 million women in the United States. Their average earnings for year-round full-time employment are almost impossible to believe—less than $1,500 a year in the country as a whole.

Mr. DANIELS. You refer to household employees. Are these workers sometimes called domestics?

Mrs. KEYSERLING. Yes.

Pending such improvement, we would urge that revised manpower legislation require the employment service to refer workers only to jobs which pay at least the Federal minimum wage.

We are fully cognizant of the difficulties involved in putting our manpower programs and policies in better order. But the need is urgent. We hope that, as this is attempted, recognition will be given to the general principles we have sought to emphasize.

Mr. DANIELS. Thank you, Mrs. Keyserling.

Mrs. KEYSERLING. Thank you very much, Mr. Chairman.

Mr. DANIELS. Mrs. Keyserling, on behalf of the committee and personally, I wish to compliment you on a very fine statement.

You have fully endorsed the provisions of the O'Hara bill, H.R. 11620. I would like to obtain your opinion with reference to a key provision in the O'Hara bill which concerns to public service employment.

Do you endorse such a policy?

Mrs. KEYSERLING. Yes; very strongly, and I would say this is one of the main reasons why we have endorsed the O'Hara bill, because this is a component of the O'Hara bill and not of the other two.

All the training in the world is not going to create the jobs as unemployment rises. The basic problem is the lack of job opportunity. Training, of course, is essential, it is needed, skills must be there, education must be upgraded. But if the jobs are not there, we will have wasted money, we will have created very frustrated human beings, who, after training, will go back to being unemployed and later will not be easily induced to come forward again when training and job opportunities are there.

The two—training and job opportunity—must go hand in hand.

Mr. DANIELS. Mrs. Keyserling, I could not agree with you more. During the Easter recess this committee conducted field hearings, and we found that it just increased people's frustration and the anger of people to train them for jobs and then when they finish the program there are no jobs available.

Therefore, I wholeheartedly agree with you that we should train people for jobs which are available when the training is completed.

Mrs. KEYSERLING. There is another problem. Unless there are job opportunities, you don't know what you are training people for. This, I think, has been one of the weaknesses of our past manpower programs. We have trained in an over generalized way, and not sufficiently with a view to the specific opportunities that we can anticipate.

This has been especially true as far as women are concerned.

Mr. DANIELS. You laid great emphasis and stress on day care centers. There is a great need for construction of many of these day care centers, and you approve the idea of the Government contracting for such services?

Mrs. KEYSERLING. I pointed out that there are 6 million children under the age of six whose mothers work. Low income mothers of young children are much more apt to work than mothers in comfortable circumstances. The figures are immensely interesting.

As you go up the income scale the mother of the young child is less apt to work. For instance, if the annual income of the husband is $10,000 or more, only 16 percent of the mothers with preschool children work. If the husband's income is between $3,000 to $5,000, 35 percent of the mother's work. These lower income mothers of young children work to feed the children, or help feed them. A large percentage of the working mothers of young preschool children are widowed, separated, or divorced. They too work out of economic necessity. They must have adequate care for their children.

When I was Director of the Women's Bureau we made a study of the arrangements working mothers make for the care of their children. We found that about 13 percent of the mothers were taking their children with them to their places of work. There was no other place for them.

About half of the children were being cared for in their homes, but when you analysed this, you found this was the saddest kind of custodial care in all too many cases. It was often an elderly person in charge who just could feed the child, and very little more.

About a third of the preschool children were cared for in other peoples homes. Very often this was an under the sink type of care. It was often merely custodial care. The disadvantaged child, especially, needs good day care center care, with a built in child development component. This is the essence of good day care.

We found only about 6 percent of the preschool children in day care centers, far less than half of those who were going with their mothers to their place of work.

There were fewer children in day care centers then were latch key children, children with a key around their necks and a little sign saying to the passerby, I am Suzie Jones. I live at so and so street. If you find me far away, send me home. This is a travesty in a democracy such as ours.

We have doubled the capacity of day care centers in the last 5 years since we in the Women's Bureau and the Children's Bureau and all the national women's organizations have been putting great emphasis on this problem.

We have helped to awaken America to the need for day care. We have doubled facilities. The number of children in licensed homes and centers has risen from 300,000 to 600,000. But this is less than 10 percent of the preschool children whose mothers work. The number remains hopelessly inadequate.

A large part of this increase in day care service has been financed by the Government in Head Start programs and WIN programs and others. Now we are cutting back on these programs.

Mr. DANIELS. Do you believe then in order to have an effective and an operative manpower program that we should adequately provide for day care centers?

Mrs. Keyserling. We must. Under the WIN program, we have learned that mothers have had to drop out because they have been unable to obtain day care for their young children. There was money to pay for the care, but much of the care we bought under this program was not good child care, it was custodial care.

It was too often temporary, and haphazard. The mother would often start her training and then have to go back home because day care wasn't obtainable. The biggest single factor, according to Labor Department officials who testified before your committee, for the inadequacy of the WIN program was the inadequacy of day care.

We cannot expand facilities adequately without more construction money, and there is no place for this construction money to come from except from Federal appropriations. I think that, as a taxpayer, this is about the best investment a taxpayer could see made with his tax money.

It would pay in human terms. It would pay in dollar and cents terms, because good day care with emphasis on child development enables children to enter school and succeed, not to be labeled as failures at 6 or 7, not be destined to become school dropouts in a relatively short period of time.

Mr. Daniels. From your experience as an economist, have you made any studies of manpower training programs in other countries and compared them and their operations to the those in the United States of America?

Mrs. Keyserling. I have not made official studies. I have traveled a good deal and seen manpower programs abroad. This has been one of my keen interests, but I have not produced a monograph on manpower programs in other countries.

Mr. Daniels. Thank you very much. I recognize Mr. Erlenborn.

Mr. Erlenborn. Let me thank you, Mrs. Keyserling, for your very fine testimony before the committee this morning. There are a couple of questions I would like to ask.

I don't notice anywhere in your discussion of child day care facilities the role that might be played by proprietary day care centers.

Some believe that with help in the form of guaranteed loans and so forth, a proprietary day care center could provide a good portion of the day care needs, properly supervised.

Would you address yourself to that?

Mrs. Keyserling. Yes; I would be very happy to.

I think proprietary centers carry a very large part of the load now.

Many are very good. But what we must bear in mind as we think of this problem is that the mothers who are most in need of good day care are the mothers in the lower income categories.

Good day care to be more than custodial, requires highly trained professionals. It requires equipment. It requires good food. Especially in relation to low income, disadvantaged families, it requires good health services and social services to reach beyond the child to the parent. Good day care must involve the parent. And by the time you provide the kind of care that is needed for a child that starts disadvantaged you have run the cost up to something that no disadvantaged family can afford, and these are costs which must be borne.

Good day care is an investment. It pays. What is needed for many children is outright subsidy. I don't think we have thought of subsidies to private enterprise in the day care field. I think usually when we have thought of large scale public costs, we have thought it more economical to have a public service.

The proprietary services are desperately needed. They can meet a very large part of the service for families that can afford care.

But there is one other element that should be thought of and that is that in our day care centers as in our public schools, we no more want to segregate on the basis of color than we do on the basis of income.

Our whole public school system is built on the concept that all children should grow up together and benefit from each other, and many of us, certainly the organizations I am speaking for, feel this very strongly.

If we support proprietary as well as public facilities we may get a kind of income segregation that we will regret. This may be a necessary way of moving, because our need is so desperate.

Speaking as an individual—I am not sure I can speak for my four organizations on this—ultimately I would anticipate and hope that we would regard the provision of day care services just as much a part of our educational system as we do our primary and secondary schools.

I feel that day care centers should be in the neighborhood, near where the child lives. Attendance should not be mandatory, as in our school system, but it should be a service there, available for any parent who wants it.

My testimony has stressed the need for care for the children of working mothers, but day care is a need, too. This should not be taken away from children of mothers who don't work, whether they are disadvantaged or privileged. So in the long run, I believe we will think, as other countries have, of day care as an essential public service, as part of the education system. This is, I know, however, a long way ahead.

So I would welcome the bills that are before your committee in the day care field, notably the Brademas bill, which would provide financial assistance to all types of day care facilities, public and private.

This has been a long answer, but it is a difficult question.

Mr. ERLENBORN. Apparently your answer is based on the assumption, most likely warranted, from the past performance under the WIN program and the proposed family assistance program, that day-care funds would not be sufficient to provide the type of day care that most proprietary centers would provide.

Mrs. KEYSERLING. It is not only that it has been insufficient, there has not been the care available to be bought.

Mr. ERLENBORN. Some tell us that really with the components of the day-care program should be are not too well understood as yet.

Mrs. KEYSERLING. I believe we know more than many people think. We have developed concepts of standards over the years, and if you should be interested, there is a publication of the HEW, the OEO, and the Department of Labor that spells out standards, "Federal Interagency Day Care Requirements." The Children's Bureau has many publications on needed day care components.

We know that to provide real developmental care it may cost as much as $35 or $40 a week, or even more. This is our experience here in the District in the 16 centers run by the National Capital Area Day Care Association. You can't provide care at this price without subsidizing because the great bulk of parents can't afford this kind of fee. They can't meet the full costs.

Mr. Erlenborn. I think your cost estimates are certainly borne out, and maybe even higher estimates could be sustained by our experience with headstart programs, which is in a way a developmental day-care program. As you probably know, there are pressures now to expand that to cover children from families of greater income, or maybe even make headstart universal.

Does this fit in with your concept of making the preschool a public service, and also making it part of our educational system?

One of the problems that I think remains unresolved, if we are to think of this as part of the educational system, is: Should it be put in with our State school systems?

Most States are having difficulty financing the present educational systems. So then the question is: Are we going to develop separate Federal preschool systems that will work along with the State elementary and secondary school systems?

I think these are difficult problems to resolve, and I personally doubt the desirability of having two separate school systems, one Federal and one State.

How do we even resolve this?

Mrs. Keyserling. I would agree with you, but I think, as in all these new problems, where we are beginning to sense the magnitude of our responsibility, we do what we can, and move as rapidly as we can toward our ultimate goal. I would agree with you that ultimately all these educational services should be integrated, but perhaps in these exploratory stages of experimentation and demonstration, we should start in the Federal area where we can develop the rules, regulations, and standards, and learn by experience, and then ultimately seek, through education, to integrate the total system. It will take a great change in public opinion, too.

We have already seen considerable change in public opinion with respect to day care in the last few years. In the first years that I testified for the Women's Bureau before House committees urging appropriations for day care, if I may say so, I seldom got a sympathetic reaction. Many Congressmen seemed to feel that mothers of preschool children should not work.

The answer is that mothers of preschool children do work. They are not going to go home, because if they do, many children will go hungry, as I pointed out in my earlier remarks.

This is a reality and public opinion in the country is changing, recognizing that this is part of our time, and that we can't play ostrich any longer.

The working mothers are there, the children are there, the neglect is there, and as more and more people recognize this, I think the taxpayer will say, this is our responsibility in the States and localities as well as on the Federal level.

I think it will come quickly.

Mr. Erlenborn. Getting briefly to another area of your testimony, I think you have touched on the need to identify what job skills are necessary in the labor market. I think this has been one of our great failures. I think that many Members of the Congress, as well as the administration, now feel we should move to a national computerized job bank sort of operation, where we can identify the skills that are necessary.

Just too few years ago, our Job Corps operation consisted of giving a youngster training, developing a skill, giving him a certificate of satisfactory completion, and an airline ticket home, and that was it.

There was not even an effort to bring this graduate of the Job Corps in contact with the employment services. Fortunately, this has changed somewhat, but still, I think it is obvious that we don't know what sort of skills are necessary.

We don't know where the jobs are and what skills would be necessary to obtain these jobs.

So moving in this direction I think is a basic beginning toward what should then proceed to identify the skills are will be necessary in the future.

The children who are in the elementary schools today will no doubt need very different skills when they come of employment age than do people who are job seekers in the market today, and I don't think we have done anything at all about the need for training in the regular school system to see that the graduate of high school or college many years hence, will have the type of skills necessary in that day and age.

Mrs. KEYSERLING. I agree that the job bank is very important to give help to our youngsters who are not going to go through manpower training programs. To anticipate where there are job opportunities is terribly important for all people looking for work.

I would stress something I did not mention in my testimony, and that is that there is a need for tremendous improvement in our vocational guidance in the high schols, especially in relation to our girls for whom we are doing a sadly inadequate job.

Nine out of ten of all our girls will work. All too many of them think they are going to be the tenth. They can't all be the 10th. They are not aware that half of all women between 18 and 65 are at work today. They need better preparation for their work roles.

Mr. ERLENBORN. I have found that some of the people who are best qualified to identify what skills are necessary, or what sort of training will provide those skills are the very people who are going to employ the workers.

Some of the on-the-job programs I think are the best, because the people in the industry that will utilize these skills help design the program, and will in a way assure that there will be a job opportunity for the one who has completed the course successfully. So to ignore the industry in designing the programs and actually conducting the programs is, I think, a mistake.

Mrs. KEYSERLING. I could not agree more strongly and if I might in this connection I would like to underscore a point I made in my testimony, and that is that in addition to these things that you have mentioned, which are so important, when unemployment does rise because of our failure to assure the full employment to which we are now committed, I think we have to have a public employment program.

Mr. ERLENBORN. Could I ask one last question? You are familiar with the triggering device in the administration bill for additional training funds based upon the level of unemployment?

Mrs. Keyserling. Yes. It is a 10-percent increase in spending if unemployment hits 4.5 for 3 months. If I remember the figure correctly, that would imply pretty close to a 900,000 increase in unemployment as compared to last year. As I remember the figure, a 10-percent increase in our present manpower expenditures would be something on the order of $200 million? This would not do very much.

Mr. Erlenborn. I think it is a good concept, though. Wouldn't you agree that it is a good concept just as it automatically triggers an increase for the extension of unemployment benefits?

Mrs. Keyserling. I think the device is a good one but I think it is an inadequate amount. When unemployment went above 4.5 percent, I think the trigger should continue to boost manpower funds by rising amounts. I have heard it suggested by some that it should be another 10 percent for each two-tenths of a percent increase in unemployment. Even this strikes me as being too low. But the trigger device is quite separate from the provision of jobs. This, I feel, is also essential. I see so much work needed that we are not doing and which the relatively unskilled can do. We need school aides, hospital aides, aides in the widest range of fields. We need aides in libraries and in settlement houses and in many other social agencies.

The person, the disadvantaged person who can relate to other disadvantaged people can do a tremendous job in the health and social service fields, in the nutritional and consumer fields among others.

Another trigger device is also needed—the automatic extension of unemployment insurance when the long-term unemployed increase above a certain point.

So I would hope that in the legislation that you write all of these things would be borne in mind.

Mr. Erlenborn. In honor of earth day and earth week, might I suggest that the unskilled might be utilized in the public service to pick up the one-way bottles, tin cans, and things of that kind left lying around?

Would you agree with that?

Mrs. Keyserling. I think we should make changes in the kinds of bottles we make, too, so that they're not all indestructible.

Mr. Erlenborn. Thank you.

Mr. Daniels. Thank you, Mrs. Keyserling.

Our next witness is Mr. Joseph Martorana, State Manpower Coordinator, Commonwealth of Massachusetts.

STATEMENT OF JOSEPH MARTORANA, STATE MANPOWER COORDINATOR, COMMONWEALTH OF MASSACHUSETTS

Mr. Martorana. Mr. Chairman, Governor Sargent regrets not being able to be here. He did want to personally appear before the Select Subcommittee. However, overriding matters back home prevented this.

My name is Joseph Martorana. I am State Manpower Coordinator. I am also Coordinator of the Area Manpower System, and I have the honor to be the Chairman of the Massachusetts Advisory Council on Vocational Education.

It is a pleasure for me to be here today and to participate in your considerations of the proposed manpower legislation now pending before the Congress. I am deeply aware of the significant contributions made by the House Committee on Education and Labor and its Subcommittees in the formation of social policy for our country and in the development of legislation designed to implement those policies.

It is a privilege, then, for me to be with you as you prepare to take the next logical and necessary steps in the development of a comprehensive and rational manpower policy.

I know that the Select Committee has already received volumes of testimony on the pending legislation. You have heard line by line analysis of each of the three bills, broad and penetrating discussions of manpower problems in general, and you have heard discussions of individual and local programs regarding their strengths and weaknesses.

In addition, I am under the impression that the committee is now actively considering the advisability of developing its own substitute legislation incorporating the best thinking and judgments on the issues under consideration. It is for these reasons that I feel that I can best contribute to your deliberations by directing my comments toward the manpower situation in the Commonwealth of Massachusetts, trends and developments in our State government and by discussing ways in which, in my view, Federal legislation can support our attempts to serve the manpower needs of our people.

While I will be speaking only for Massachusetts, I am aware that I may also be reflecting the views of other States and their Governors. In one sense, Massachusetts is unique with its own particular mix of resources, needs and problems.

On the other hand, we in Massachusetts share with other States substantial similarities with respect to social, economic and demographic characteristics. I share with the other Governors responsibility for the welfare of the inhabitants of my State and a desire for the authority and resources with which to meet that responsibility. I share with other Governors, also, a conviction that Federal legislation should be designed to support rather than constrain our individual attempts to cope responsibly with our individual problems.

Massachusetts is the sixth smallest State in the Nation, but the tenth largest in population and per capita income. Our population density is 12 times the national average, our level of urbanization is 50 percent above the national mean. With less than 3 percent of the Nation's population, we have over 3 percent of the Nation's nonagricultural work force and 3½ percent of the Nation's work force in manufacturing. Over 4 percent of the Nation's scientists work in Massachusetts.

Our economy is now undergoing a rapid and radical change. Traditionally, manufacturing has been the backbone of the Commonwealth's economy, but this sector is rapidly shrinking with accelerated growth in areas of high-skilled technology and in services.

In the period between 1960 and 1969, shoe manufacturing had declined throughout the country by 6.3 percent; for Massachusetts, the rate of loss was 30 percent or almost five times the national rate of decline in this sector.

During the same period, the growth rate of defense industries was 24 percent above the national average. In 1968 the defense dependency rate for the State was 28 percent above the national average. As our economic base changes, there are obvious changes and dislocations in our labor force, with many short- and long-term implications for manpower policy and programing.

In December 1969, when the national unemployment rate was 3.5 percent, unemployment in Massachusetts was at 3.9 percent; in one city of the State, unemployment exceeded 6½ percent. One of our communities houses two of the Nation's largest and most prestigious institutions of higher learning, several highly specialized industries, and a population in which over 33 percent of the families have an annual income of less than $5,000.

This paradox of an intense concentration of highly skilled technicians with a continuing need for specialized manpower, functioning side by side with a large disadvantaged population with a continuing need for more and better employment, is not unique to Massachusetts. Neither are our pockets of urban ghettos, rural poverty, migrant labor, or high seasonal unemployment.

What is unique is the particular mix and configuration of these economic, technological, and manpower components producing problems and needs with which we live daily and for which we are terribly lacking in the necessary and adequate resources for their solution. The great difficulty of attempting to solve our labor market problems with a network of individual programs has been recognized by this committee and is the focus of present attempts to improve the planning and delivery of available resources.

The proposed shift from the present treatment of manpower problems by categories and programs demonstrates an awareness that the aggregate of piecemeal efforts now in operation is both inefficient and ineffective in meeting the complexities of manpower needs. The Manpower Development and Training Act of 1962 was a most significant advance by the Congress in establishing the Federal Government's interest in and responsibilities for labor market problems.

It recognized the needs within many occupational categories for qualified personnel, and provisions of the act which provided training by categories followed logically.

As we developed greater knowledge and sophistication with respect to manpower problems, amendments to the MDTA, the Economic Opportunity Act, and other pieces of legislation were enacted to meet the particular needs of special population groups through specific programs. But we have learned that national categories often impose priorities which do not adequately reflect the particular manpower needs within a State or a region. A holistic approach to manpower that will consider the totality of manpower needs rather than those only represented by categories is clearly indicated.

It is in this context, therefore, that I consider the proposal to develop a comprehensive manpower system at the State level a most significant opportunity to genuinely meet the manpower needs of Massachusetts, providing us with an opportunity to define our needs, resources, and problems and then develop appropriate programs.

In the Commonwealth, we have already responded to the problem of fragmentation in manpower as well as in other functional areas. The Cabinet Act of 1969 mandates the reorganization and modernization of the executive branch of our government along comprehensive functional lines. In April 1971, all of our State agencies, and the functional areas they represent, will be coordinated in nine cabinet level executive secretariats. One of these will include many of the State agencies operating in the manpower area, including the State Employment Service and our Department of Labor and Industries.

In this context, I should call your attention to the fact that our Executive Office of Manpower Affairs will not include under its jurisdiction vocational education and vocational rehabilitation functions, as the administration's bill urges.

The Cabinet Act was intended to produce a meaningful organization that will result in a comprehensive and creative treatment of problems with a maximum utilization of resources. For many reasons, including the structure of Federal legislation and funding, our own history and other internal circumstances, we have chosen, for the time being at least, to consider vocational education as an education rather than manpower function, and vocational rehabilitation as a health and welfare rather than a manpower service.

It is our hope that the necessary cooperation and linkages between vocational education, vocational rehabilitation, and other manpower services can be effected by our CAMPS structure and via interdepartmental arrangements at the cabinet level. A requirement that vocational education and vocational rehabilitation be an integral part of the State's manpower agency would make for unnecessary complications and difficulties at this stage of our attempts to reorganize the executive branch of our State government.

The concept of a comprehensive approach to manpower planning and service delivery is further supported by the concept of decentralization as it has been developed in this committee. Decentralization must go beyond the establishment of an administrative State manpower structure which would do no more than add an additional layer of centralization to the administration of manpower programs that are currently operating under Federal priorities.

Decentralization will be meaningful if it takes advantage of the Governor's proximity and understanding of the needs of his State, as a whole and as a collection of areas with overlapping similarities and distinct differences. The Governor is in a unique position to see the particular manpower needs of the rural, suburban, and urban areas within his State, and how they contradict and complement one another.

From his perspective, the Governor can best insure that specific needs are met, which may involve considering an area on the one hand as a separate entity, and on the other hand as one of several areas with similar or complementary needs.

In short, supported by a comprehensive manpower agency, the Governor is most appropriately situated to respond to the varied dimensions of manpower needs: immediate crisis, short- and long-range problems, isolated and statewide situations. It is this sensitivity and ability to meet the manpower needs of the State that I would describe as meaningful and necessary decentralization.

There are further advantages to decentralization. In Massachusetts, the creation of the executive office of manpower affairs will ensure that manpower will be afforded the high priority position it needs and deserves.

Moreover, the Cabinet structure that we have planned will encourage the manpower area, as well as other functional areas, to be viewed comprehensively, not only within its particular cabinet office, but comprehensively through the creation of program and planning linkages across functional lines.

Thus, links between manpower, transportation, education, and economic development, to name a few, will be acknowledged and action taken to the advantage of all. Decentralization of the Federal manpower budget via block grants to States will enable our State to more effectively utilize its resources to meet its manpower responsibilities in concert with other functional areas that bear on the efficacy of manpower activities.

I wish at this point to reiterate, emphasize, and make very clear that the Governor feels responsible for the manpower scene in the Commonwealth. I wholeheartedly support legislation which would make that responsibility a fact rather than a feeling, and would urge further that legislation provide the sufficient resources and authority to enable a governor to meet his responsibilities in manpower.

In the absence of necessary resources and authority, the concept of decentralization is a fiction and I would rather that responsibility for unemployment and employment problems in my State remain where it has been, namely, in the Congress and in the Department of Labor. For the potentialities embodied in the concepts of decentralization and comprehensiveness to be realized, and the Governor held accountable for the effect of Federal manpower funds on State manpower problems (as he should be), he must not be constrained in the disposition of these funds.

It would serve no purpose at this time for us to ignore or minimize the fact that significant gaps exist between intent and performance and that there is substantial controversy with respect to what decentralization actually means and how it would be implemented. Just recently, the Department of Labor acted to make funds available directly to cities for developing a manpower planning competence. The decision was made unilaterally; there was no consultation with State governments. The action is being taken according to criteria established in Washington and without any reference to intergovernmental conditions at the State and local level, without any reference to sub-State area planning that is now going on in a number of States, including Massachusetts.

This is only one of several examples of recent decisions by the Department which appear to be completely contrary to the spirit of the concept of decentralization as embodied in the administration's manpower legislation now being actively supported by the Department of Labor.

The establishment of criteria in the legislation (or by fiat prior to its passage) to which a governor must conform with respect to the designation of local areas for planning and funding purposes are based on the assumption that all States are the same, that local conditions within all States are the same, and that criteria established nationally can be implemented across the board. This is not true and it is certainly contrary to my understanding of the meaning of decentralization.

Just as I would oppose provisions which would limit my ability to develop the administrative mechanisms most appropriate to the needs of the population in Massachusetts, or are not consistent with the law which reorganized the State government, so I would oppose provisions which predetermine which agencies on the State and local levels will be chosen as prime sponsors. The record is clear with respect to my support of community action programs and the importance of participation by the poor in the planning and implementing of programs which affect them.

But that is quite different from suggesting that all community action agencies are of the same quality and should have the same role with respect to local planning and delivery of manpower services. Just as their structures, functions, sizes and competences vary, so should their responsibilities and jurisdictions with respect to manpower programs also vary.

The same is true of the State Employment Service. I have only the highest regard and respect for the competence and performance of the Employment Service in my State and in its local offices. However, the Employment Service varies in its structure and competence from State to State, and there are variations within States. In determining the role of the Employment Service on the State level and the roles of district offices locally, a Governor must be free to take account of these variations. The law in Massachusetts which establishes a cabinet form of government will place our Division of Employment Security under the jurisdiction of the Executive Office of Manpower Affairs. I could not support a provision in the legislation (or in the guidelines implementing the legislation) which would have the effect of depriving the Governor of jurisdiction over the participation of the Employment Service in manpower planning and programing or would have the effect of weakening the structure of the Executive Office of Manpower Affairs as envisioned by our State law.

In short, a comprehensive manpower bill which provides for decentralization to the State level, can only be effective if the Governor is allowed to organize his resources and formulate priorities as he sees them. The imposition of an arbitrary bifurcation of manpower planning and delivery services, the imposition of federally designated boundaries of local areas, the designation of one or another agency on the State or local level to serve as prime sponsors, are restraints upon the States that are both unnecessary and contradictory to the avowed purpose of decentralization.

Let us be clear about our intent and be sure that the provisions of the legislation are consistent in every respect with that intent. In a somewhat similar but not exactly parallel vein, I would like to make reference to the very imaginative notion of an automatic stabilizer which was included in the administration bill. I am interested that a piece of legislation, designed to place responsibility and authority at the State level, includes a provision for triggering additional activities which is based upon a national average. Mr. Chairman, I must call to your attention that when unemployment in the Nation is at a level of 4.5 percent, unemployment and underemployment in some parts of Massachusetts exceeds 20 percent. For the legislation to be truly responsive to needs and changes within States, an automatic stabilizer must be geared to local conditions rather than to a national average.

Further, I should like to note that since 4.5 percent is regarded in the bill as the critical point, and since no other figure is mentioned as a national goal or as a satisfactory level of unemployment, one is led to assume that anything less than 4.5 percent would be considered satisfactory.

An unemployment rate of 4.4 percent in Massachusetts or any place else, in my view, is unacceptable. Legislation establishing national manpower policy which might imply otherwise is seriously lacking.

And finally, Mr. Chairman, I should like to go on record with the observation that a manpower bill which focuses solely on training, and is not concerned with the availability or level of jobs for those being trained can hardly be considered comprehensive, rational, or viewed as the forerunner in the development of a national manpower policy. When unemployment is increasing, and this is at least in part a result of cooling off of the economy produced by anti-inflationary measures, training programs by themselves cannot be seen as a solution to that unemployment.

In conclusion, gentlemen, it seems to me that there are several roads that may be taken. One would combine authority and accountability for meeting manpower needs and place them in the office of the Secretary of Labor. In this case, serious local problems will be lost in the national aggregates, percentages and inevitable categories.

Another approach would be to create a comprehensive manpower agency at the State level and provide State governments with the necessary resources and authority to meet its new responsibilities. Given the necessary authority, the Governor should be held accountable for using it effectively. But it is first necessary that the Governor indeed be given this authority. I am in effect, arguing for consistency in intent, structure, and the nature of the legislation.

Mr. DANIELS. Thank you, Mr. Martorana. Do you care to comment on which of the three bills pending before this subcommittee meets with your approval?

Mr. MARTORANA. Our State would urge that the administration's bill be enacted. We have examined all three bills, and we believe that in Massachusetts we have perhaps been the forerunner of other States in modernizing and streamlining our State government, a task with enormous portent, and that we are building the capability in Massachusetts to handle our manpower problem. We will have a secretary for manpower affairs come April 30, 1971. He will have planning competence and delivery competence.

This is one of the reasons why we are actually pushing for the enactment of the administration's bill.

Mr. DANIELS. Do you care to comment about the provision in the O'Hara bill with reference to public service? Do you think this is an area that could be explored in order to provide greater employment or additional employment to our unemployed and underemployed?

Mr. MARTORANA. Let me give you a case. One of the concentrated employment programs in Springfield, as part of their program, they developed a training program for underemployed and unemployed, and especially in the area of the social worker case aides.

The initial pilot program trained 25 case aides. These case aides were also given on-the-job training in the local welfare office.

After a period of some 6 or 7 months they took civil service examinations as employees of the civil service system, specifically in the welfare office, specifically as social worker case aides. All 25 passed, and all 25 are now employed by the Commonwealth of Massachusetts in the welfare department as case aides at $120.80 a week. We found that this has a great potential.

What it does, fundwise in the State, when we start utilizing local funds, may be another story. Our State employees at the present time number some 50,000, and it is possible that within the next 2 or 3 years this figure will be increased to almost 55 to 60,000.

It is a great tax burden at the present time, and we would like to explore further, and we would like to emphasize further this type of program, depending, again, of course, upon the availability of money.

Mr. DANIELS. I note that in your testimony you approve of the principle of decentralization. Do you feel that this power should be given unencumbered to the Governor of a State?

Mr. MARTORANA. I do not. I am being a pragmatist now, Mr. Chairman, and also a bit of a historian. I don't think the Congress of the United States in its wisdom has ever given any Governor or organization carte blanche, and I don't think they will ever do this. I think the Congress in its wisdom will probably, if they go along with this bill and enact the provisions of the administration's request, that the money will come to States with many metes and bounds and many guidelines attached.

We in the Commonwealth do not want carte blanche funds. We don't believe in setting up another hierarchy, a duplication of, say, the Department of Labor at the State level.

We would like to see our programs evolve as a result of community involvement in areas or regions that are compatible in the State, come forth finally toward a State plan, with portions of the State plan to be approved by the Governor and having a limited veto power, and again that veto power to be reviewed at the Washington level, and we believe that only through the involvement of our communities and our regions within the State can we get a comprehensive plan.

Mr. DANIELS. Can you give me some evaluation of the Massachusetts State Employment Service?

Mr. MARTORANA. As you know, Mr. Chairman, the State employment service in all States has gone far afield of their original roles. They have been given program after program after program.

In our State we have a very excellent employment service function. However, at the present time, they have been given so many programs that they are actually, and rightfully so, bewildered in attempting to order their own priorities for effort.

They have also been given the money to conduct these programs. Possibly the proliferation of programs that have been given to the employment service has so overwhelmed them that it would be—I mean our evaluation has shown that they are planning to suffer from the proliferation of efforts going off in all directions tangentially from their original concept or original role of being the State employment service.

Mr. Daniels. Thank you.

I recognize the gentleman from Illinois, Mr. Erlenborn.

Mr. Erlenborn. Thank you, Mr. Chairman.

Mr. Martorana, I want to thank you for your testimony on behalf of Governor Sargent, and in particular your endorsement of the concept in the administration bill of decentralization for the conduct of manpower programs.

It occurs to me in the testimony before this committee we find two extremes. One which is quite often voiced is that not all States are competent to undertake the conduct of these programs. We hear this in other committees in relation to other programs, too, a lack of confidence in the State governmental structure, not usually a condemnation of State structures, but rather indications that not all States are able to handle this.

Consequently, the conclusion is reached that there should be Federal administration of the programs.

The other extreme is that all the programs should be block grants and given to the States without strings attached.

I think what we have here in the administration's manpower approach is a moderate position in between, recognizing that States do have competency, not giving them funds unencumbered, but putting performance standards, and I would like to emphasize that, performance standards, in the act so that those who do perform well can be given more authority.

I believe that this is the genus of the approach of the administration bill, to recognize that some States have greater competency than others, so that some States with the ability to operate a good manpower program would be given more control over their program.

How do you feel about this?

Mr. Martorana. We have delved into this quite extensively in our State with all of the agencies, not only the agencies involved in manpower delivery systems, but in vocational education and so forth. All States, I think, have never had the opportunity to do anything like this before, especially in the manpower area.

Their only opportunity was through the division of Employment Security, which actually is, although it is State headed, can be loosely said to be an extension of the Federal Department of Labor within a State.

So, the Governor and the Governor's people have never had an opportunity to seize the problem and do something with it. They have never been asked to, or required to establish competence in this area, and, of course, establishing competence in this area costs money.

Usually, since they didn't have to do it and it was left to the Department of Labor, they put a minimum amount of effort in their, because taxwise this was relevant.

However, our State, like other States, and especially I would like to speak very, very proudly of this, we have recognized the problem that the tax barrel is getting rather low. We have gone almost as far as we can in the State in devising tax programs for revenues, and our tax base has demanded that we have management.

Out of this cry of our taxpayers, we enacted our new modernization of the Commonwealth. We took the 275 agencies that we had, all independent agencies, and now we have grouped them into nine functional areas. In addition to that, the legislature has told the office of planning in the Governor's office that management must be pushed, and they have funded us a considerable amount of money to develop the most sophisticated management procedures known.

One of the problems, of course, in the State is unlike business, there is no cash register in the State to record the fact that you have developed a product that people will buy. The only criterion we have in the State is do we do our services properly, do we deliver them effectively and efficiently within the tax dollar? That is the reason why we are going very, very heavily into management systems.

As to the capability of the State, capability usually will come, and this competence will come with responsibility. If the responsibility is not given, the competence will not be born.

Mr. Erlenborn. So your endorsement and your Governor's endorsement of the administration decentralization is recognition of the fact that States have some competency in this area and can develop more as responsibility comes to them.

Mr. Martorana. That is correct, sir.

Mr. Erlenborn. And rather than having categorical programs or highly structured instructions from Washington, you feel that the performance standards approach, with the reward of additional authority and funds, is a proper approach to develop the competency within the States?

Mr. Martorana. We do. We think performance standards per se, and again with respect to requiring a State to adhere to certain performance standards, the standards should be widely ennunciated and understood, because sometimes the performances get to be rather nebulous.

After these standards are accepted by all, and additionally the setting of the performance standards should involve the people who are going to be judged by these performance standards.

A one-sided performance standard or criterion lacks the involvement of the individuals who are going to be judged by these standards in the States, and it would be well to possibly include the involvement of the several States that will be judged upon, someday, as a result of performance standards.

Mr. Erlenborn. I would like to ask this further question. You mentioned the automatic trigger device and its apparent insensitivity to local unemployment conditions. I think that is a good point, and I am not certain that I know the answer to this.

In other words, the trigger device looks only to national unemployment figures. As you rightly point out, these can vary greatly in areas, dependent upon local conditions. You may have a national average staying at 3.5, and yet in your State a high rate, a much higher rate, of unemployment due to some local conditions. I don't know the answer to this, but have you checked the apportionment formula to see if possibly the funds that are available nationally may be apportioned to a greater extent in those areas that are unique?

Mr. MARTORANA. I think the key is not so much the apportionment formula. It is because of the fact that the apportionment connotes, and this is our understanding of the legislation, training, additional training funds.

Well, I submit that if there are no jobs, and we are given extra money to train people, all we will have is a lot of well trained unemployed people if we continue that route. I think perhaps the funds that are apportioned as a result of this triggering device should not be categorized.

We may have to, as a result of conditions endemic in our State, apply certain economic supplementary factors to industry, to housing programs, or to other programs that would have the effect of creating employment situations whereby we could then train people to fill these situations, the unemployed.

In many, many instances, we find things that happen at the national level, over which a State has no control, it is a meeting of many, many factors, and they do affect the States, and we don't have any control over this.

Of course, we would have to use any funds that we do get as a result of a national triggering device not only for training, but for instituting job development, which I believe is even more important tha the training aspect.

Mr. ERLENBORN. Thank you very much.

Mr. DANIELS. Thank you, sir, and you will extend the subcommittee's thanks to the Governor?

Mr. MARTORANA. I will, sir, and thank you very much for your courtesy.

Mr. DANIELS. Our next witness is Mr. Keerock Rook, Southeastern Regional Planning and Economic Development District, Taunton, Mass.

STATEMENT OF KEEROCK ROOK, SOUTHEASTERN REGIONAL PLANNING AND ECONOMIC DEVELOPMENT DISTRICT, TAUNTON, MASS.

Mr. ROOK. Thank you, Mr. Chairman. Thank you for allowing me to address this committee concerning this potentially far reaching legislation. My experience is primarily in operations on the local and State level in programs like CEP, New Careers, Model Cities, et cetera, with business in manufacturing, and as the Springfield Massachusetts Cooperative Area Manpower Planning System's Committee Chairman.

My thoughts concerning the proposed bills will be oriented toward developing plans which will work at the operating level. I believe we, as a nation, must move deliberately and rapidly in the direction of decentralized decisionmaking, for by this approach I feel we will bring our problems into clearer focus and encourage new and capable people to move into the decisionmaking process.

It is clear that State and local governments are going to have difficulty in shouldering the added responsibilities placed upon them under decentralization. They have, to date, been onlookers in the decisionmaking process, and had to rely upon the Employment Service, Vocational Education and other groups to resolve their swelling manpower problems.

The skills and talents that are now available in state and local government, which would be required to handle this responsibility are close to nonexistent. Therefore any bill must provide for: extensive training and financial support to attract new people and to train them adequately.

It is unsatisfactory, in my opinion, to reapply the Federal Centralized Control formula to the States, since the same inadequacies of planning, administering and controlling will develop there. We must put the responsibility and the necessary authority on the highest elected official of local government, and insure the cooperation and support of State and Federal governments so that he can do the job.

Under the two bills calling for decentralization there is a lack of commitment to insure this end. I submit for example that if the Employment Service is not clearly accountable to the prime sponsor that he cannot be accountable for performance under the plans.

The accountability must also exist for vocational education, since the training provided by vocational education is the preventative measure to avoid remedial training under manpower programs. It is insufficient to simply plan to rectify problems without dealing with their causes and prevention. The example of vocational education training auto mechanics at a fast rate to capitalize on the large number of unfilled jobs in this category illustrates the need for coordinated analysis and planning. Industry figures indicate that out of every 100 graduates of auto mechanics training, 15 will take a job as auto mechanics.

Although the reasons vary, they seem to focus on the fact that students who want to get out of general education will choose auto mechanics which is both more enjoyable and will train them to fix their own car. There is no provision under either the Steiger bill or the MTA to amend the Vocational Educational Act in order to plug it into the decentralization process.

The bills do not specifically provide for planning money to develop a comprehensive manpower planning capability on the local level before doing any planning. My experience with the problems of the Hispanic Americans, as the Springfield Area CAMPS chairman, illustrates the deficiency of developing programs without identifying the problems.

The Spanish-speaking groups in the Springfield area had constantly attacked the CEP program in Springfield for not providing adequate services for them, and the pitch of dissatisfaction and the helplessness of either CEP or other agencies to deal with problems, indicated a need for the CAMPS Committee to become involved.

As chairman, I called for an areawide study of the Spanish-speaking Americans' manpower problems. The study was to include a random sample of all Spanish-speaking Americans to determine their characteristics and problems, and an analysis of the agencies and institutions which were responsible for dealing with these problems and finally to develop recommendations for alleviating the needs that were not being met. The details of this study are many, but the following results were clear:

1. The Spanish-speaking Americans had, for the most part, as poor a grasp of their aggregate problems as anyone else.

2. They were initially reluctant to assist in identifying these problems, but soon became heavily involved in the problem analysis process.

3. The regional office of the Labor Department was the greatest hindrance in performing the study and sought to disrupt both the CAMPS decisions as well as the cooperation of programs funded by Labor.

4. The results of the study indicated an unemployment rate among Spanish Americans of over 30 percent of the Spanish-speaking work force, yet a language problem far less than was expected, only 13 percent of the random sample which could not communicate in English.

These brief results, I believe, indicate a need for thorough and rigorous problem analysis—the results of which must be used for thorough and rigorous comprehensive planning.

To date neither problem analysis nor the planning has been rigorous or thorough. The existing data is insufficient, in the case of the Employment Service most employers do not provide information to them and therefore plans are developed to meet a hypothetical supply of jobs. In the case of census information, for example, Cape Verdians, which comprise a sizable percentage of the black population in New Bedford, Mass., are classified as white in the 1970 census.

Basic fact and information gathering can only be done effectively at the source, the local level. Although Washington and the State can provide technical support in the ways and means of data gathering. the process should be the primary responsibility of the prime sponsor. When the basic information is gathered and checked, it can be related to other sources of information such as the Job Bank, and provide the basis for the manpower plans and the staffing patterns needed to implement those plans.

The role of the Federal and State agencies in assisting the prime sponsor should be spelled out. If the assistance will be of the kind the Springfield CAMPS Committee received from the Regional Office of the Labor Department, the prime sponsor should have the authority to tell them not to interfere. The planning process should include the people and groups involved on both sides of the job market, the supply and demand side, this would include employers, the disadvantaged, unions and agencies, et cetera.

The Steiger bill and the MTA call for an appeal procedure to the Secretary in the event of a disagreement between the local prime sponsor and the Governor. However, since ultimately the local prime sponsor has the accountability for the plans, he should have his choice of plans, and the Governor should file a minority report.

Along this same line the advisory groups should be given the role of evaluation to act as a balance in the process. All records and information on the plans and operations should be at their disposal, and their report should be attached to the area plan and forwarded up the line to the Secretary. The same approach should exist for the State level advisory group, and their report of the State plans should be attached and forwarded to the Secretary. A national advisory group with its own staff, to avoid reliance on Labor Department staff, should evaluate the national effort and file its report directly with the Congress.

I might in a series of questions ask why the Job Corps is excluded from the apportionment? The need for Job Corps type centers can and should be determined in area plans, not in Washington, in fact, they could be broadened to cover drug addict rehabilitation, and ex-offender rehabilitation.

To what degree are we decentralizing when the Secretary can specify the amount of dollars for a particular SMSA? It is doubtful that the Secretary will gain an overall knowledge of each SMSA in the country to make the funding determination. This decision may include a range of dollars by the criteria formula, but the formula should include the institutionalized people of an area such as prisoners and the mentally ill who require extensive manpower services.

What staff and plans, I might ask, have been developed by the Secretary to take over a State and run these manpower programs? How would the Secretary know what was needed in the way of programs? Will this not detract from the departments on going work in the event he has to have a full time contingency staff?

What provisions are there to deal with the high degree of overlapping in clientel between the Family Assistance Plan and the decentralization plans? I am informed that almost 85 percent of the clients served under MTA, will be eligible for the Family Assistance Plan. Not only is there no provision for coordinating the two efforts but the Family Assistance Plan gives total authority to the Secretary to choose the agencies to provide services, decentralization gives the authority to the prime sponsors.

The question of how to judge adequate performance is far reaching and would require a thorough knowledge of the States and areas problems, how they dealt with them in the past, how effectively they are dealing with them now, and including an assessment of nongovernmental involvement and support.

This knowledge about every State and area is not available to the Secretary now, and it would seem to require the involvement of other groups and agencies to determine. One agency which should be included to reflect the economic activity is the Economic Development Administration which is required to develop overall economic views in its districts throughout the Nation.

There is a point of diminishing returns in investing money for training in a declining economy. When unemployment reaches some point above 4.5 percent, investment in training becomes less significant, since the people forced into unemployment may need jobs, not training. Examples such as the NASA cutback seems appropriate.

In summary, let me say that I am optimistic that we are coming to grips with the problems we face in our Nation. The major thrust of new legislation and agency action should be to bring the problems closer to their source for action.

By this approach we will develop latent talent and attract new people into the problem solving process. The bureaucracies must be re-tooled to encourage new blood and provide the training and support necessary to get the best performance from these new people. My experiences on the local level are encouraging. There are people who would get involved, but not until they can obtain meaningful jobs and be able to make an impact through their efforts.

I would like to add that in a general sense, the reasons that I believe a decentralized approach is needed is that I believe that the only way that we are going to get the kind of information necessary to plan is to get the people on the local level involved in identifying their own problems. I think this accomplishes a couple of things. One, it allows them to see the problems which they will not otherwise see. Secondly, it gets them involved in the decisionmaking process, and they learn what accountability and responsibility is.

I think it is essential to get new and capable people involved in the planning process. I think through the CAP programs we accomplished this to some extent. However, a lot of these people have gone back into the woodwork. They have gone into business, or they have gone to the institutions, and I think there should be a role for people who can move, from college, from business, or what have you, into a rather unstructured environment which allows them flexibility and allows them a chance to achieve some of their own individual goals, and decentralization could open up new types of jobs, new types of skills, and possibly these people will find a place.

I think I could cite myself as an example of this. I came into the manpower programs through the CEP program, from business. Since that time, I would say that my experiences have been extremely broad, and very rewarding, and I think that people like myself would welcome any kind of responsibility if they had a chance to see some kind of reward come from it, not necessarily monetary, but a chance to make some kind of an impact.

I am extremely concerned about making certain that adequate accountability exists with any kind of plans that are implemented, whether they be on the State level or on the local level.

I think if the decentralization process is put into effect that we will at least start getting the basic information necessary to allow us to look at these problems much more realistically.

Thank you.

Mr. Daniels. Thank you, Mr. Rook. I have no questions.

Mr. Erlenborn, do you have any questions?

Mr. Erlenborn. Mr. Rook, I think it is obvious that you are not giving a flat endorsement to any particular piece of legislation, but do I understand from your testimony that you endorse the general approach of the administration's bill for decentralization?

Mr. Rook. I think there are assets in both the Steiger bill and the administration bill. I don't think the attributes of both bills taken out and added together would be sufficient to meet the variety of needs.

If I can relate my point back to the census information, which may seem unrelated at this point—I hope I can tie it together. I think the bill, the decentralization process, should be as general in nature as we can make it. In the case of the Cape Verdians being classified as white, I don't think we should have to retool our national census process in order to take into account this problem. I think the local area should be able to gear up, correct the problem, and then feed this back up the line. Certain efforts should be allowed to come down directly from Washington through the State to the local level in pretty clear form, and not have to go through a meat grinder and then come out at the other end unrecognizable.

I think one of the problems with the MTA is that I do not see the ability on the part of the Secretary and his staff of being able to design a program on the national level which is extremely significant, and filter it down through the States to the local level. If the State has authority over its own programing, it might be questionable as to how much value can be capitalized on from the past Federal experiences.

Mr. ERLENBORN. Thank you very much. I have no further questions.

Mr. DANIELS. In your statement, you made some comment about the hindrance of the Labor Department regional offices. Do you care to elaborate on that?

Mr. ROOK. Yes. CAMPS as you know, was established for a variety of reasons. I think at least to get some kind of linkage going between agencies.

I think it accomplished that goal to some extent. However, it was never supported by funding or, for that matter, with any kind of a national push to the extent that it could become a glamour stock, if you will.

I don't think the Labor Department has given the kind of analysis, the kind of support to CAMPS that is needed, and therefore when some CAMPS' activities started coming to grips with problems—in fact a local area to seize on it as a vehicle—I think the Labor Department on a regional level even became somewhat timid as to what would happen with their authority, with their power, if you will.

Our goals in the Hispanic study were, I think rather far reaching for the amount of time that we had allocated to analyze the Hispanic-American manpower problems?

We put aside approximately a month to do the entire study and another month to complete our final reports and recommendations.

I believe, that alone would cause the Labor Department to be concerned.

As far as their disruption, as chairman, I was informed during CAMPS meetings by Labor representatives that they wanted to stop the study until they completed a review, and gave their approval to continue. This was one instance. As you know, under CAMPS, the committee has the decisive vote as to whether or not it will pursue certain activities, and there are eight Federal agencies among other groups that are involved in the process.

It came to my attention that Labor Department funded programs were being intimidated by the regional office and told not to get involved in the Spanish-American study, at the expense of either losing their funds or having an even more difficult time getting through with the paperwork to get the funds allocated.

It came to my attention, since I was the planning officer of CEP, that unless I was removed as planning officer of CEP that the CEP program would not be refunded in the city of Springfield, and this was, if you will, an informal intimidation on the part of the Labor Department.

The only rationale that I can give to that, is that it was related to the Spanish-American study, since my activity was not intimidating beyond that point.

This may not be true, however. This is conjecture.

The Labor Department on the regional level has a difficult time controlling some of the activities on the local level, and I think this is indicative of some of the problems we are going to be running into if we move in the direction of decentralization, that State and regional offices are going to want to tighten up on something that they are not completely sure that they know where it is going to end up, and that is one of the problems.

Mr. DANIELS. What would you recommend to correct this problem?

Mr. ROOK. I think I suggest in the comments that I have made that we have to get the power, the authority and responsibility as close to the problems as we possibly can.

I think this would deter the kind of intervention that I illustrated in the case of the Labor Department. I don't think it will eliminate it. I think there is political as well as numerous forms of harassment that can be used, but if our local areas are ever going to become strong and start making decisions and following them through, they are going to have to learn how to deal with this.

They are going to have to gain much more strength than just strictly technical competence. So I am not concerned about eliminating it entirely, but only reducing it to the point where the local areas can gain a little leadtime and start getting their capability up to become a contending force.

I might add, not since Mr. Martorana is here, that the support I got from the State CAMPS Committee was impressive and under the circumstances, it was not necessary for them to risk labor's wrath.

I think the State CAMPS Committee could have backed away and moved off in a corner and allowed us to fend for ourselves, if you will.

So I am optimistic that given the opportunity and the responsibility the people on the local level could do a lot more than what we think they could do from the Washington perspective.

There are a lot of good people down there, but I think we have to draw them into the decisionmaking process one way or another, and then capitalize on them when they are there.

Mr. DANIELS. Thank you, Mr. Rook. Our next witness is Dr. Harold Sheppard of the Upjohn Institute of Employment Research.

STATEMENT OF DR. HAROLD L. SHEPPARD, W. E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

Dr. SHEPPARD. My name is Harold Sheppard. I am a staff social scientist with the Upjohn Institute for Employment Research, a foundation with its headquarters in Kalamazoo, Mich., but with a Washington office, where I am located.

I should say in the light of current concern about the role of foundations that my views here represent my views and not necessarily those of the foundation, and I am here at your request.

I am not initiating this lobbying on behalf of the older worker. If I have any vested interest in this, by the way, it is that I expect some day to be older than I am today, and will join the ranks of the much older workers.

That is my axe to grind, if you want to look for any hidden agenda.

My brief statement today focuses on the employment of older workers, and I am not here to so discuss the administrative details of the bills before you.

I do have some views about certain aspects of them, but they don't relate to the question of older workers.

In using this term "older workers" I am not restricting my remarks to the classical figures of 65 or older, but instead to a larger population group starting at about age 45.

This age in general is a useful cutoff point partly because our statistical information is usually classified around that figure, and partly because that very information plus specific other studies suggest that beginning about that age the employment problems of men and women but especially of men begin to manifest themselves.

The major thrust of my statement is that the key institutions of our economy and society—including government, employers, and labor unions—have been paying inadequate attention to some significant facts and trends concerning this group of American workers.

Before I cite a few examples of what I mean, let me first present some other kinds of statistics that should be of special interest to the Members of Congress.

I refer to the December 1969 census report on the percentage of specific age groups that voted in the last national election of 1968.

There are two outstanding results of that survey. The first is that the highest percentage of persons voting in that election are found in the age groups of 45 to 54; 55 to 65, and 65 to 74.

Mr. DANIELS. What do you think about the voting rights for 18-year-olds?

Dr. SHEPPARD. I am in favor of that. Maybe the younger age groups don't exercise them as much because they are just getting use to it, and I think the sooner they start the more intelligently they will participate in the elections in their 20's and 30's.

I am not just plugging for the old folks here. What I am trying to say here is that while the overall national average for persons voting in 1968 was only 68 percent, the percentages for these three age groups were 75 percent for Americans 45 to 64 and 72 percent for those 65 to 74.

Only the very oldest group, those 75 and older, and the very youngest group, under 35, had below average voting records.

In other words the age group with which I am concerned—those between 45 and 75, have the highest voting percentages of all Americans of voting age, between 72 and 75 percent.

The second result of that census survey is that while this key group, the 45- to 75-year-olds, make up only 45 percent of the total voting age population they constituted nearly 50 percent of the population that actually voted in 1968.

In other words, if everybody of voting age actually voted, only 45 percent would be between 45 and 75 years old, but since it is not the case that everybody of voting age actually does vote, the 45 to 75 year old group constitutes 49 percent of the number actually casting their ballots.

If we add the group 75 and older, the corresponding percentages would be 50 percent versus 54 percent. Among all persons actually voting in 1968, 54 percent were 45 and older. At least in our traditional mechanisms of democratic expressions of public will, the young are not the overwhelming force we are sometimes led to believe.

What I am trying to say here is that the employment related experiences of this older group may not reveal themselves in street or campus unrest but they might reveal themselves at the secret ballot box, and they merit the attention of responsible public leaders.

Let me now cite some of those employment related experiences at least as they can be gleaned from such reports as the President's Manpower Report of 1970.

1. In 1969, slightly more than 21 percent of all the unemployed population consisted of men and women over the age of 45, but if you concentrate on the long term unemployed only this group made up nearly 37 percent.

Let me put this another way, among all the unemployed in 1969 about 13 percent were unemployed 15 more weeks.

But if you just take the older group of unemployed workers about 20 percent were long-term unemployed. When it comes to long-term unemployment, in other words, older workers are the worst off.

1969 was, of course, a relatively good year as far as the total economy was concerned. Only 2.8 million were jobless on the average. But take a look at a typical recession year, say, 1961, when more than 4.8 million were unemployed.

In that recession year, 32 percent, about one-third of all the unemployed were in the long-term category. But what about the older unemployed workers?

In that same year more than 40 percent were out of jobs for more than 15 weeks.

In other words, in good times or bad, the older unemployed worker is more likely than the younger worker to remain jobless for a long period of time. If we are going to throw around words like "comprehensive" then I think we should include consideration of the older unemployed, and potentially unemployed, older worker.

2. This acute problem of the long-term unemployed older job seeker can perhaps be seen in better perspective if we compare that problem with that of the teenage unempolyed.

In 1969 only 8 percent were unemployed 15 or more weeks.

I have mentioned already that the percentage for the older worker was 20 percent. That is 8 percent versus 20 percent.

Furthermore with regard to this youth group with long term unemployment I think it is very important to note that only a very, very small proportion—less than one-fifth—actually had lost their jobs.

The rest had left the job voluntarily, were re-entering the work force or were entering it for the first time in their lives. Finally, a large number of the youthful job seekers were looking for only part time or seasonal (summer vacation) jobs.

Even if we compare them with just those older workers under the age of 64, and I note the O'Hara bill does not apply to people over 65, even if we just talk about those older workers under 65, teen agers as a percentage of all the long term unemployed were only 19 percent, as contrasted to 33 percent of the 45 to 64 group.

If it is true that MDTA was created in large part to train the long-term unemployed, why is it that trainees over the age of 45 have never been more than 11 per cent of the total group of MDTA participants—even though one-third of all the long-term unemployed were 45 and older? In 1969, only 10.3 per cent of MDTA's trainees were in that age group—the lowest percentage since MDTA had its first full year of operation in 1963. It seems to me that some form of age discrimination might be at play in the processes and decision-making involved in the manpower system of our society.

I did a study a few years ago of the job-seeking behavior of unemployed workers, and we asked them—not the Employment Service—"Did you go to the employment service when looking for a job?" About 90 percent said, Yes.

If they said yes, we then asked them, "Did the Employment Service refer you to an employer, or to training? Did the Employment Service give you any job counseling; did they prepare you for a job interview? Did they give you any tests?"

We found that the percentage of older workers receiving any attention from the Employment Service was lower than for those younger workers. And before I go any further, let me hasten to mention that older workers in our study means anybody 39 and older. We took the median age of our sample and called those people older—anybody over the median. I am not talking about an 80-year old in a rocking chair who manages to get to the employment service and asks for a job.

Mr. DANIELS. What kind of a study was that: local, statewide, or national?

Dr. SHEPPARD. It was on a local economy, carried out for the Labor Department, and reported on in a book called "The Job Hunt."

I would like to see a person interested in policy research and program evaluation make a comparative study of different Employment Services around the country in terms of how well they treat different categories of workers.

Unfortunately there were very few blacks in our survey at that time. The study was done in Erie, Pa. They didn't have a high percentage of blacks, so we couldn't do that type of evaluation for blacks, concerning the role of the Employment Service. But I do think in all of this discussion about what should be the role of the Employment Service, I think we ought to stop talking about it from our armchairs and get out there and do some empirical studies to answer the question, and not rely merely on the records of the Employment Service, but to do a survey of workers themselves.

I am sure there are variations, and we ought to find out what factors are associated with the variations.

Much of what I am presenting here is especially true of the men in the work force of our country. In every single adult age group of men, starting with the 35–44 group, their labor force participation rate has declined over the past 22 years, since 1947. If we were talking about the younger age groups, we might find comfort in the explanation that over this period of time, a greater and greater percentage of our younger population is staying in school and hence not in our labor force, not looking for jobs or working. But this cannot be the explanation for the adult-age population. And I don't believe that illness has been increasing, or is the total explanation for the decline.

The main brunt of these and other statistics is that we have failed to recognize and cope with the growing issue of age and work. In our laudable efforts to take away onerous work from the lives of people, we have plunged headlong into an unexamined worship of early retirement. We have become either so youth-oriented or so fearful of becoming old ourselves that we have started a trend that could lead us to a situation dramatized recently over educational TV in a play based on Marya Mannes' novel, They. It is about a society in which everybody over 50 is placed outside the pale of human society, and treated as pariahs or as non-existent.

Perhaps it is true that we have a society, according to a well-known psychiatrist, Robert Butler, based on a sort of silent age-ism, as compared to only an explicit racism.

Partly as a result of the failure to train and retrain adult workers in their 40's and 50's, and partly as a result of our unexamined dogma that the earlier we retire people from the workforce the more virtuous we are as a society, we are now witnessing dramatic declines in labor force participation of men in the mid-fifties, not only those over 65.

I think it is interesting to point out that the lower the average of retirement, the lower the age at which employers are willing to hire workers. As we lower the average age of retirement, we create a lower age of hiring, and we continue to aggravate the problem that way. I don't believe this development helps to meet the stated objectives of any of the bills this subcommittee is considering.

I am quoting from the preambles of each of these, now. It does not "assure an opportunity for employment to every American seeking work and to make available the education and training needed by any person to qualify for employment consistent with his highest potential and capability * * *" (H.R. 11620).

It does not meet the problems of "a lack of workers with sufficient skills to perform the demanding production, service, and supervisory tasks necessary in an increasingly technological society." (H.R. 13472.)

It does not help to make possible a "Comprehensive Manpower Act," nor to the strengthening of "a systematic, National, State, and local manpower policy and provide for a comprehensive delivery of manpower services." (H.R. 10908.)

Our current attitudes and policies—many of them based on stereotypes and prejudices deriving partly from statistics about the trainability and employability of the average worker 45 or 55 or 65, in comparison with the average 25 years old—will make even less sense as we continue to move into an economy and a society in which older workers may want to stay in the labor force, and thus will need options making this possible. These options must include realistic, effective opportunities to be retrained, and also the right to continue to work if they are able to, based on functional abilities, and not on the year of birth.

Right now, because of those attitudes and policies, the older worker, once he becomes unemployed, has fewer opportunities for becoming retrained; he also is discriminated against by employment service personnel and by company hiring personnel. He then becomes subject to the now well-known discouragement process, wherein the older worker becomes progressively demotivated to continue his job search, and then ultimately drops out of the search altogether.

I didn't want to make this statement too long, but I could have shown you that this is especially true of the black worker as he gets older, in his late 40's and 50's.

Not being in the labor force, he is no longer counted among the unemployed. That helps to keep the official unemployment rate down. When the older worker reaches his early sixties and is unemployed, he makes up a disproportionate number of those exhausting their unemployment compensation. This suggests an extension of unemployment compensation for groups over a certain age and for those with disabilities. And if he can only survive the rat race until he is 62, then he can give up altogether and grasp the straw of a reduced Social Security benefit which is already low enough even for workers able to postpone receipt of Social Security benefits until they reach the previous magic age of 65.

I don't know the degree to which Congress and other responsible institutions have heard about, and learned to appreciate the significance of, the latest research findings from the Social Security Administration which showed that in 1968—a high, near-full employment year—of all the men starting to receive their Social Security benefits, about one-half were under the age of 65; and in that under-65 group, a rather large proportion were not what you might otherwise have expected. There was a large proportion with poor employment records prior to age 62, and with little else in the way of supplemental sources for a decent retirement income that would keep them out of poverty.

I would like to ask, does Congress really want to push the society toward making 62 the actual retirement age—with all the social, political, and economic costs entailed—instead of 65? Incidentally, Sweden has recently discovered that this has been creating problems with them, reducing the retirement age. They have now raised it to 67, and a worker gets rewarded for postponing his retirement until he is 70. We do the opposite. We penalize people if they are forced to retire early, and if a man 65 wants to continue working longer, he doesn't get rewarded for that. He gets no more social security benefits retiring at 70 than if he retired at 65. Does Congress care to consider only the criterion of year of birth as a determinant of trainability, employability, and retirability?

Just consider the following table, based on 1967 data, the most recent year reported on in detail by the Department of Labor concerning work experience. It shows a precipitous drop in the percentage of men working 40 or more weeks, full-time, from the group 60 and 61 years old, to the group 62 to 64 years old. As a matter of fact, it shows the beginning of the decline in such a percentage, starting after the age of 54.

Each year witnesses an increasing number of men and women reaching the now critical age of 62. In 1950, about 1.3 million reached that age; by 1969 the figure climbed to 1.7 million.

In conclusion, it is my opinion that if we do not start soon to reexamine the policies and practices regarding the training and hiring of persons as they move into their late forties and early fifties, as well as the policies and practices for workers in their sixties or more, for that matter, we will be guilty of contributing to the creation of a new poverty class whose feeling of neglect and lack of meaningful status in a work-oriented society may lead to some unhealthy political consequences, not to mention the economic costs to the remaining working population.

Thank you.

Mr. DANIELS. Dr. Sheppard, I want to thank you for a most interesting statement.

I am unaware, Doctor, of any age limitation in our training programs.

Dr. SHEPPARD. There are no formal age limitations; that is true. I think there is a sort of informal pattern of selectivity such that the end product is that older workers participate to a lesser degree in these programs than their percentages would call for if we just used a statistical approach.

I want to be fair about this. I think there is discrimination that takes place at the Employment Service level where decisions are made as to who shall get training and for what, and perhaps among some vocational education personnel, depending on how many people are involved in this situation.

There is discrimination at the hiring gate of the company, and there is a self discrimination on the part of older workers, who feel they can't learn a new skill.

I think this calls for more responsibility on the part of the Employment Service to develop new skills among their counsellors to overcome that handicap. I don't believe there is a formal—by administrative guideline or by law—a formal age limit. But you don't need a law. Put it that way. It is in our mores.

Mr. DANIELS. We do have laws that say there should be no discrimination because of race and color, sex or age. But nevertheless, there does seem to be a tendency to hire the young worker rather than the older worker.

Dr. SHEPPARD. Yes.

Mr. DANIELS. I have received during my years of service in Congress here, a number of letters from constituents demanding a lower and lower retirement age. Do you care to comment about that?

Dr. SHEPPARD. Well, there are several ways to look at that. I believe in a flexible retirement policy. I am not saying we should whiplash people to work until a certain age. I am saying they should have the right to work if they want to, say, after age 65, but that should be developed on the basis of some functional test.

That is what I meant in my statement, about their workability and job performance ability; and there are some medical researchers developing such tests.

But I think as a result of administrative laziness on the Government side and the employers' side, it is so much easier to, you know, "off with their heads" at a given age. It is easier to have that mechanical approach. My suggestion might create administrative difficulties, and my comment on that is, "So, what?" Was man made for the administrator, or was the administrator made for man?

We have got to be carving out some techniques for functional tests to determine whether or not a guy really can stay on the job even if he wants to. Maybe he should be retired.

I was listening to some airline pilots testify a few months ago, complaining about the arbitrary retirement age of 60, and they had with them a physician who had developed tests that screened out the pilots who flunk physical tests; the men who remain at 60 have a lower risk of heart problems than the airline pilot group of 45 to 50.

That is a sort of paradox, but you can understand it. The men of 45 or 50 who show physical impairment are screened out. Those men testifying before Senator Harrison Williams were protesting the arbitrary age of 60. Three of those pilots had flown to California—one of them, at least—and I think they were deliberately picked as witnesses for this reason. They flew to California, and when they landed, the next day they were 60, and they had to come back as a commercial passenger to Washington to testify. They could not fly the plane back. But they were able to fly it when they were 59 years and 364 days old, but not when they were 59 and 365 days old.

These guys were in better shape than many of the people in this room. I won't name names.

[Laughter.]

Dr. SHEPPARD. But you get my point.

There is another angle that one should use. We talk about the problem of inflation, and I mentioned the Swedes. The Swedes have figured out that by putting people out of the productive process with a relatively good income, they are contributing to the inflation problem. So instead, they have encouraged workers to stay in the labor force and be productive and to constitute a brake on the inflationary process.

We haven't looked at these policies as they affect one of our big fears now. We are not really comprehensive in looking at what are all the factors that impinge on something like inflation. And maybe certain aspects of our retirement policies are contributing to that.

I don't know whether I have answered your question adequately, Congressman.

Mr. DANIELS. Yes, you have.

Mr. Elenborn, do you have any questions?

Mr. Erlenborn. Thank you. Mr. Chairman.

Dr. Sheppard, I think you pointed out some interesting things. Of course, whenever you have an arbitrary age, like age 60 for retirement of the airline pilots, you come up with what appear to be some rather silly results. It works the other way around, too, at the lower end. If a person happens to be 20 years and 364 days old when the election comes in Illinois, he can't vote. But if his birthday had been a day earlier, he would have been considered qualified to vote. This may seem ridiculous, but any arbitrary age must exclude other considerations.

I was interested in your terminology, comparing the retirement systems in Sweden and the United States, you said they retire at age 67 in Sweden under their social security.

Dr. SHEPPARD. They can retire earlier, but the normal retirement age is about 67 now, and they reward people.

Mr. ERLENBORN. They get a reward if they wait until they are 70. But you describe it as a reward. Then between 62 and 65 in our social security system, exactly the same thing happens. You describe this, however, as a penalty. I think they both are the same.

Dr. Sheppard. You have a good point. But we have been using the age 65 as a retirement, and the people at Social Security haven't been putting it the way you put it. We are playing with semantics here.

Mr. Erlenborn. That is my point.

Dr. Sheppard. But the point is the age figure we are talking about is quite different.

Mr. Erlenborn. Yes. I think you have made a good point about the fact that, when we do reduce the possible age for retirement, it has another unwanted effect, and probably unanticipated effect—it reduces the effective hiring age.

Dr. Sheppard. Yes. It seems so simple once you hear it, but some eggheads were sitting around working on this problem at a meeting in Paris last December, and they were playing with mathematics and charts and suddenly realized one is related to the other.

The OECD has been concerned with this problem—the Organization for Economic Cooperation and Development, of which we are a member nation—and I attended as sort of an expert delegate to a working party of the meeting of that 23-odd-nation oragnization, dealing with the question of the older worker.

It is not just our concern. It has become the concern of many modern, industrialized countries.

Mr. Erlenborn. Would you think some change in the social security law that might increase retirement benefits over age 15 would be desirable?

Dr. Sheppard. I think so. I might be accused of changing the subject but what I am really concerned about is those policies and practices prior to, say, age 60 in our manpower programs and in our economic development programs, and so on, that have an effect on the ultimate pension problem and retirement age problem, and so on, of those individuals.

If the personnel involved in administering or training programs believe older workers are more difficult to train, then those older workers are going to be penalized.

If, instead, those personnel were alerted to the fact that there are special learning processes unique, say, to older workers rather than the young person in school, then maybe we would have an effect on those utilmate retirement problems of the American worker.

These are the kinds of things that I am concerned about. And because we are talking primarily about training and employment legislation here, that is why I diverted the subject. I hope you don't mind,

Mr. Erlenborn. No, not at all. Do you think the fact that different training techniques might be necessary for the older worker means we should have separate training programs?

Dr. Sheppard. There is a chapter by a British psychologist in the book, "Towards an Industrial Gerontology," who would argue that, and because—at first, I think it is best to answer this in terms of specific tests of each individual to see what his particular learning problems are, so it is quite possible in a certain class that there might be some people in their 20's in the same class as those in their 40's and 50's, but they would have in common these same kinds of learning problems. That is what I mean.

Otherwise, I would become a perpetrator of the same administrative laziness that I accuse others are. You must look at each individual as unique.

Mr. ERLENBORN. Thank you very much.

Mr. DANIELS. Just one other thought occurred to me, Doctor. In your studies, did you give any consideration to the question of a worker's health and whether or not it is a factor in the employment discrimination process? It is reported that the incidence of poor health is greater in people of older years than those under 50.

Dr. SHEPPARD. I have no doubt that the incidence of certain work-limiting disabilities is higher in the older population. There is no question about it.

Mr. DANIELS. I think the Civil Service Commission has discovered in the past year since the law was amended to credit sick leave to retirement annuity, that the younger people in Federal employment have utilized their sick leave much less than they had in the past. Whereas, it has been utilized to a greater degree by the older person.

When the study is completed in the year ahead and they have had a greater opportunity to analyze this, I think it will show the use of sick leave by our older people will be much higher than the younger generation.

Dr. SHEPPARD. In this connection, a physician at the University of Michigan Public Health School, named Sidney Cobb, has been doing a study of the effects of unemployment on illness. And his point is that unemployment creates certain illnesses. When the unemployed worker is interviewed by the Bureau of Labor Statistics interviewer and is asked, "Why aren't you working?" he answers that he is sick. And so the table reports his reason for not being in the labor force is that he is sick.

My point is, that 5 or 10 percent, perhaps more—we don't know what the real percentage is—of the people who are listed in our Government statistics as being out of the labor force because they are ill may have incurred illnesses because they were laid off. This is partly through psychosomatic factors and partly because they didn't have the money to take care of themselves with medical service.

I recommend a novel based on Dr. Cobb's work, by Alfred Slote, called "Termination," that presents the details of my point here.

Mr. DANIELS. Dr. Sheppard, thank you. Your testimony was very interesting.

Dr. SHEPPARD. Thank you.

Mr. DANIELS. The subcommittee will stand adjourned until April 29.

(Whereupon, at 12:20 p.m., the subcommittee was adjourned to reconvene on Wednesday, April 29, 1970.)

MANPOWER ACT OF 1969

WEDNESDAY, APRIL 29, 1970

House of Representatives,
Select Subcommittee on Labor
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. James G. O'Hara, presiding.

Present: Representatives Daniels, O'Hara, Burton, Hawkins, Gaydos, Pucinski, Scherle, Esch, and Steiger.

Staff members present: H. D. Reed, Jr., general counsel; Charles Radcliffe, minority counsel for education; Donald Baker, associate counsel for labor; Austin Sullivan, legislation specialist; Cathy Romano and Sue Nelson, research assistants.

Mr. O'Hara. The select subcommittee will come to order.

The purpose of our hearing today is to continue to take testimony on H.R. 10908, H.R. 11620, and H.R. 13472, the Manpower Act and related bills.

The first witness today is Mr. Robert Wilson, who is executive vice president for administration of the National Alliance of Businessmen. He is accompanied by Mr. Roy Siemiller, vice president for labor liaison.

Mr. Wilson, we would be very pleased to hear from you.

STATEMENT OF ROBERT J. WILSON, EXECUTIVE VICE PRESIDENT FOR ADMINISTRATION AND SECRETARY-TREASURER, NATIONAL ALLIANCE OF BUSINESSMEN; ACCOMPANIED BY GERARD PETERSON, EXECUTIVE VICE PRESIDENT FOR OPERATIONS; P. L. (ROY) SIEMILLER, VICE PRESIDENT FOR LABOR LIAISON; AND JOSEPH CUNNINGHAM, COUNSEL

Mr. Wilson. Mr. Chairman, we would like to submit a statement for the record which includes attached exhibits.

(Statement follows:)

Statement of Robert J. Wilson on Behalf of the National Alliance of Businessmen

Mr. Chairman, Honorable Members of the Committee, my name is Robert J. Wilson. I am a businessman, presently Chairman of the Board of Universal Airlines, Inc., and now serving as Executive Vice President for Administration of the National Alliance of Businessmen here in Washington. I have held this position with NAB for the past ten months. With me today is Mr. Gerard Peterson, on loan from Aetna Life and Casualty, and also NAB Executive Vice

President for Operations. Also present is Mr. Roy Siemiller, former President of the International Association of Machinists, AFL–CIO, and presently the NAB Vice President for Labor Liaison and Mr. Joseph Cunningham, our counsel, formerly NAB Vice President for Government Relations on loan from the DuPont Company.

The National Alliance of Businessmen appreciates this opportunity to testify before this Committee as to its progress to date in finding meaningful employment for the disadvantaged members of our society. We think it particularly fortunate that your Committee has been the first Congressional body to inquire into the workings of the programs of the Alliance, and has done so almost two years to date of our initial assumption of responsibility. Appropriately, we are testifying in conjunction with your hearings on HR 11620, HR 10908 and HR 13472, bills that have as a major purpose the coordination of programs and activities, such as those undertaken by NAB, which aim at providing education and training needed to qualify many Americans for employment. While the Alliance as a bi-partisan, non-profit organization does not as a matter of policy take a position on legislation, we do believe this first exposition of the NAB program should help to place its role in perspective *vis a vis* other manpower undertakings and proposals.

On January 23, 1968, President Lyndon B. Johnson sent his first message to Congress following his State of the Union address, and entitled it, "To Earn a Living: The Right of Every American". In it, he posed the question as to how an economy such as ours, capable of sustaining generally high employment over the better part of three decades, could go that extra length to assure every American, who is willing to work, the right to earn a living. He enumerated various groups of idle, non-productive people: far too many of our citizens who had been denied that right and who were thus economically and socially disadvantaged. And he indicated this country should no longer tolerate such waste of human talent. He talked of various programs designed to reach what he termed the "hard-core" unemployed—a target population of 1.3 million "forgotten" men and women. Admitting the limitations of existing manpower efforts to reach this group, the President concluded that a program should be undertaken by the private sector of the economy, by the business community, "to train the hard-core unemployed for work in private industry".

While much of the underlying basis on which the Alliance was founded is no doubt familiar to you, it may be interesting for purposes of evaluation to reflect on the premises stated by President Johnson in deciding to initiate this manpower partnership between government and industry. Six out of every seven working Americans are employed in the private sector, he said, and nine out of every ten of those who have received government supported on-the-job training have gone on to good jobs.

Industry, the President said, knows how to train people for the jobs on which its profits depend On the other hand, businessmen were not engaged to any extent in solving the problems of the disadvantaged American; government funds were not available to defray extra costs of training the disadvantaged*; government manpower services were only a limited part of the private employer's field of personnel experience. To remedy the latter, and build on the foundations of the former, the President then proposed a 350 million dollar manpower training program entitled Job Opportunities in the Business Sector (JOBS), to complement what he hoped would be a major commitment by the private sector to hire and train the disadvantaged in our society. Businessmen responded to this initiative and formed the National Alliance of Businessmen. That is the undertaking on which we are here to report to you today.

Our objectives, we believed, were relatively straightforward. Through a flexible partnership with government, we aimed at locating and identifying the "hard-core" disadvantaged, offering them employment first, and then training. Businessmen would assume the normal cost of training, looking to the government, when necessary, for reimbursement of extraordinary costs associated with employing the disadvantaged. They would provide extra services badly needed by many of these new workers, such as job orientation, counselling, transportation, health care, basic and job related education. They would attempt to eliminate the barriers at the supervisory and other management levels, to the hiring and promotion of this group of unskilled employees. Equally direct were the goals set for us by the President, 500,000 new jobs were to be found for the disadvantaged within three years. 200,000 temporary jobs for needy youth were an additional mission during the summer of 1968. Business executives were to be recruited to serve on NAB's Board of Directors; to staff its Washington National Office, its regional offices, and to form the voluntary nucleus of 50 metro offices located in the Nation's largest cities. It was all very simply stated and, as the business community learned, extremely complex, demanding, sometimes frustrating, and ultimately satisfying in its implementation.

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*"Disadvantaged is defined as a poor person who does not have suitable employment and is either (1) a school dropout, (2) under 22 or over 45 years of age, (3) handicapped, or (4) subject to special obstacles to employment. Categories of special obstacles to employment are: (a) unskilled workers who have had two or more periods of unemployment during the past ten years totalling fifteen weeks or more; (b) workers whose last jobs were in occupations of significantly lower skill training than in previous jobs; (c) workers with a family history of dependence on welfare; (d) workers permanently laid-off from jobs in declining industries; and, (e) members of minority groups. Poor persons are defined as being a member of a family receiving welfare payments, or where net annual income in relation to family size does not exceed a specified income. For a non-farm family of four, maximum income could not exceed $3,600 per year.

Most of our metro offices officially began operation in the fifty largest U.S. cities on July 1, 1968. Our first year target was to place on the job 100,000 disadvantaged people by June 30, 1969. The Alliance was aware of breaking new ground; first in attempting to mobilize on a nationwide basis the businessmen of the country to attack the problems of "hard-core" unemployment and secondly, in developing for the first time a true sense of partnership between government and industry in combating one of our most pressing urban ills. We stated at the outset that we wanted employers to *screen in* those job applicants that had previously been screened out; who had frequently been turned away at the employment office. We asked for a positive commitment to hire and train and counsel these disadvantaged Americans who had been denied equal employment opportunity for so many years, as well as those who had no education or work skills to offer an employer. We viewed, and continue to view our mission as primarily oriented to changing business community hiring practices.

We believe that in the past two years, employer attitudes have changed in a positive way—from doing the minimum required by Title VII of the Civil Rights Act of 1964, and other federal and state EEO regulatory requirements, to affirmative plant and company hiring concepts that can make equal job opportunity a reality. Certainly, we have found that in this particular area of manpower training, success is an elusive quality. Yet if we at NAB can wholeheartedly claim to be responsible for any major accomplishment in this field over the past two years, we sincerely believe it to be most reflected in the development of a multiplicity of new and liberalized hiring techniques.

Of course, it is not a one way street. Industry also gains. New and productive workers are brought into the employer's plant or business. The economy is also strengthened. Whether viewed from the perspective of increased purchasing power of these new workers, or the saving in welfare program funds, otherwise required for their support, employer interests are better served. One NAB regional study indicated that a disadvantaged individual taken off welfare and placed in a productive job repaid costs of training within twenty months. This determination was based on a new hire's annual payment of federal income taxes of approximately $241 per year. Estimated state tax would be $36 per year. General unemployment costs to the employer would be reduced $34 per year and welfare support payments would be saved to the extent of $1,308 annually. More importantly, NAB has found the business community far more receptive to committing more jobs, as new workers, recruited from the ranks of the disadvantaged, continue to prove themselves—putting to rest at long last the old saw that plenty of jobs exist if only the unemployed were willing to go out and get them. They are willing, and are improving their willingness as NAB employers develop the means and commitment to employ them.

Let me tell you of some examples of affirmative hiring that NAB has seen develop in American business. Milprint, Inc. of Milwaukee is a medium sized employer in the packaging industry. The Alliance has long believed that involvement of medium size and smaller employers is not only crucial to the success of our program, but holds the key to the ultimate reorienting of private employment policies. We have pointed out that primary consideration should be given to a job applicant's need, rather than his or her initial employment qualifications.

NAB has maintained that the new hire can be trained for a job's requirements and given other remedial skills after hiring is accomplished. Milprint, prior to becoming a NAB employer in 1968, had demanded that every potential employee take a basic general test to determine whether the applicant could meet company standards. When it joined the NAB ranks, Milprint decided to abandon this test that for many of the disadvantaged was a major psychological and substantive obstacle to employment. The results, according to the company, have been encouraging. NAB hires evince a strong desire to work. Company production has not suffered. Intensified orientation and counselling of these new employees has taken the place of formal, rigid testing. The consequent impact of Milprint's industrial relations climate has not been unsettling. Conversely, the company's potential work force has been given a broadened base. The poor and the unskilled have one more open door at which to seek employment in that city. This story can be repeated a hundredfold, as redesigned personnel practices of NAB employers expose them for the first time to the reality, if not necessity, of hiring and training the "hard-core" disadvantaged.

The Washington office of the IBM Corporation found its hiring procedures focused by NAB on better ways of gaining new employees. As a result of entering into a JOBS contract, the company is currently training 15 disadvantaged workers, and 100 others have completed training since the start of the Washington program. The retention rate of these employees is 68%. All referrals to IBM for this program come from the Concentrated Employment Program (CEP) in the District of Columbia.

Forty hours of company orientation are given before training begins. A low level of academic achievement is a criterion for enrollment in the program. No tests are given prior to hiring. Remedial education courses are carried on during the first ten weeks of employment. Entry level salaries begin at $2.30 per hour. Personal economics relating to the trainee's income are stressed, as is personal development. On-the-job training aims at work skills for jobs, such as "customer engineers". Most of the Washington trainees are between 18 and 22 years old; with 66 men trainees and 49 women. The IBM Company is engaged in similar efforts (in support of NAB) in Detroit, Cleveland, Philadelphia and San Francisco, and has pledged to train a total of 900 disadvantaged men and women by next year.

In New York, two areas of business that have heretofore been difficult for the disadvantaged to enter have responded to NAB's challenge. In 1969, J. Walter Thompson Company, a major advertising company in that city, launched a pilot program for 13 men under a JOBS contract. The company felt it would require about a year to train the men for the job of traffic assistant, a semi-clerical job keeping track of advertising schedules. In the past, this job required a college degree. The 13 men were chosen from a total of 15 sent by the State Employment Service. All except one were high school dropouts. All had ghetto backgrounds, police records and were considered by the employer as militant. All were poor.

Within the first six months of the program, 12 who lacked it had their high school equivalency diplomas. In addition, all were on staff—two as copy writers, one as assistant art director, two in photography, one as assistant business manager, one as a broadcast buyer, one as a media estimator, two in data processing, two in traffic and one as an advertising assistant. Two men won scholarships to the University of Wisconsin, and one won a city-wide photography contest. Since the jobs these trainees ended up with were those where a college degree had been absolutely mandatory in the past, the agency decided to take a long, hard look at its job entry requirements at all levels. It then launched a new program under another JOBS contract for 55 slots of the same nature. The agency expanded its training staff and is now in about the sixth month of the new program. It has also been instrumental in encouraging other companies to do likewise, with the result that six agencies are doing programs of their own and 15 others are in consortia. The salaries of the initial J. Walter Thompson trainees (now employees) range from $6,500 to $13,000 annually.

Similarly, the New York chapter of the American Institute of Banking, acting for a consortium of sixteen banking and financial institutions, has undertaken its second JOBS contract, hiring and training 631 disadvantaged individuals for banking careers. In their initial involvement in the NAB program, the major New York banks hired 795 trainees, who were then trained at the AIB headquarters. Remedial education, introduction to the "world of work", business conduct, and special orientation problems were made a part of normal job content for the trainees, most of whom possessed no more than fifth to eighth grade education. Wages after training are $2.75 per hour for general clerical and business machine operational assignments. The retention rate under this program was as good as that previously experienced by the banks with their regular first year hi[illegible] AIB in New York is now preparing a third training program to hire an ev[illegible]rger number of disadvantaged workers. Similar undertakings have been initiated by AIB chapters, or members, in locations such as Boston, Westchester County, N.Y., Albany, N.Y., Wichita, Kansas, and Hartford, Connecticut.

Unusual occupations have also been part of NAB's search for new jobs. In Dallas, Texas, a wig stylist consortium was developed, consisting of six companies in the wig manufacturing industry. Two hundred and eleven disadvantaged people were hired at a relatively low starting wage of $1.60 per hour. Retention was therefore to be particularly watched, since we have learned that low entry level salaries frequently led to high turnover of minority and other disadvantaged trainees. However, the hourly rate at the completion of training reached $2.50 and the employers worked very closely with their new trainees. They emphasized the positive aspects of employment in their industry including weekly income on completion of training that ranges as high as $150. Opportunity, and a sense of real need in this industry for these new hires was constantly stressed. As a result, better than 50% of the group were retained. Approximately 10% of those who have participated have become instructors, while several others opened their own shops. Eighty per cent to ninety per cent of the JOBS' employees in this program are mothers.

An excellent example of a JOBS contract in which the company has committed itself to be successful with "hard-core" employees exists in Newark, New Jersey. The Prudential Insurance Company's training program includes twelve hours a week of remedial education and skills training, and 25 one-half hours of on-the-job training. Counselling, day care and medical services, as needed, are also provided. Each employee is assigned a "buddy" to work with him during the OJT phase. All educational services, counselling and supplementary skill's training are provided by Prudential's own highly qualified employees in the company's Adult Education Center.

A highly sophisticated adult education system is also employed. People selected as trainers and counselors for these employees must have the ability to teach all basic education courses, with preference being given to current employees with two to five years service with Prudential. Thirty-two persons have been hired so far at a starting wage of $1.98 per hour. Retention is 100%.

Not all employers accept government reimbursement for the extraordinary costs of hiring and training these new workers. For those that do, the Department of Labor estimates that no more than an average of 70% of training costs are ever returned to the employer. Per capita reimbursement under the JOBS '70 program incidentally is approximately $2,400. However, almost three out of four disadvantaged trainees (70%) are employed at no expense to the government. Some examples of what non-contract companies have done voluntarily are well worth reciting.

In Tulsa [illegible] electricity utility, Public Service Company of Oklahoma, worked with NAB [illegible] develop a program aimed specifically at jobs for the disadvantaged. The company knew, from earlier experiences with minority group employees, that acceptance of the disadvantaged by other employees depended largely on work habits and attitudes rather than good scores on placement tests. Shortly after the NAB program was adopted, the company employed as a consultant the retired executive director of the Tulsa Urban League. His duties included both the recruiting of minority group employees and counseling with them after employment. With the cooperation of the company's top management, he also worked with various management levels, pointing out opportunities for employment of the disadvantaged. His counselling efforts, both with management and with individual employees, were responsible in part, for the company's high retention level.

Individuals from disadvantaged groups have been employed for unskilled, semi-skilled, office and clerical jobs. Some have been assigned to engineering related fields such as drafting, engineering aides, engineers and management trainees. Several employees coming to the company under the NAB program have been upgraded in job assignments. Three of these employees have been indentured in the company's Apprentice Training Program, which has the approval of the U.S. Department of Labor's Bureau of Apprenticeship Training. The retention rate for NAB entry level jobs for this group has been 62%. The company fully expects its continued efforts in recruiting and development of disadvantaged people to yield mutually advantageous results.

In Wisconsin, A. O. Smith Corporation showed what NAB considers to be sound management techniques, too long lacking in many business circles, in dealing with employment of the "hard-core". The challenge of meeting the NAB pledge to recruit, train and retain 175 hard-core unemployed, according to the company, raised a number of questions. Among these were considerations as to how the "hard-core" unemployed were different from other new employees, whether double standards would be established as to productivity and general work performance, and why referral agencies did not train and orient the "hard-core" before they were employed. The last question forced the company to seek its own answer. A training area away from the main plant was established by the company. A. O. Smith obtained a worksite in a warehouse location away from the plant, installed production equipment and selected some work. It spelled out goals for what was called, Job Preparation Training. It then prepared candidates for entrance to the main plant work force by giving individual consideration to each candidate's need to:

a. establish habits of punctuality and regular attendance,
b. develop basic safe job knowledge and skills,
c. accept supervision and cooperate with fellow workmen,
d. improve academic levels,
e. achieve solutions of personal problems by individual counselling.

The training consisted of approximately four to six weeks in the vestibule training center. Certificates were then presented and assignments made to regular jobs in the main plant. A plan for orientation education was established, with speakers from the company as well as those from the community. A "buddy" system was instituted to assist in maintaining interest in the job. Turnover, of course, occurred; but, as of January 20, 1970, 64% of the 118 trainees hired in the first two years had been retained. The company is pleased with initial results, and is now undertaking a second program of hiring the disadvantaged in greater numbers.

We could go on in describing the many similar experiences of companies around the country who have undertaken projects as a part of the NAB program. Not all are successful. Some few attempt no new approaches to hiring this target group of people, and their retention rate in these cases is decidedly poor. Others fail to provide the supportive services that are so necessary in helping disadvantaged workers catch up with their fellow employees. Yet, in the main, the vast majority of businessmen and companies that have participated in the work of the Alliance have done a good job. And we have not talked to you today about the truly major programs undertaken by the very largest U.S. employers. Many of you already know of the good work being done by General Motors, Ford, Western Electric, DuPont, RCA, Alcoa and the other giants of American industry. In each of your states, NAB now has the support of major employers, who aim at aggressively improving the lot of the "hard-core". We are enclosing an attachment to our statement (Exhibit I) that reflects a general sampling of a variety of the 24,742 companies participating in our program. Many in this sampling are large, national corporations. The attachment reflects commitment of fifteen contract and non-contract companies, taken at random from our records as of March 31, 1970.

Since the beginning of this fiscal year, we presently have 1,303 JOBS contracts outstanding, covering 51,433 job slots. The Department of Labor has committed since July 1, 1969, 128.8 million dollars under the JOBS program. Of these contracts with employers 65% are for less than twenty trainees—indicating to Department statisticians that the vast majority of new JOBS contracts are held by what they consider to be small employers.* That is, we think, indicative of our efforts to reach and involve the great middle group of American businesses.

Consistent with this broadening of our base, NAB has seen positive developments occur in our metro offices. When President Nixon took office in January of last year, he reviewed the work of the Alliance, and suggested an expansion of NAB offices to an additional 75 metropolitan areas. He also raised to 614,000, the total NAB "on board" goal to be reached by June 30, 1971. With this added mandate and reaffirmed presidential support, we proceeded to recruit more business executives to staff these new metro offices. On loan from their companies for periods of up to one year or more, the more than 2,000 men and women who have been loaned full-time by business are the backbone of the NAB concept of "talking business to businessmen". The "business" is, of course, jobs for the disadvantaged. We have recruited approximately 30,000 executives to serve in various capacities in the NAB network since the start of the program. The Alliance's managers and executives are borrowed for extended periods from companies, or from Government agencies, that continue to pay their salaries.

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*A consortium JOBS contract was specifically devised to assist small and medium size employers to enter into a joint training effort of the disadvantaged. Generally, a single consortium leader provides classes in pre-OJT and supportive services to new hires at a centralized location. These classes help employers to integrate into their work force, employees who require additional input of services that many employers alone are unequipped to provide.

The Alliance has ten regional offices, each headed by a member of the NAB Board of Directors. Each regional office has a full-time executive supplied from, and paid by, the regional chairman's company. The national and regional offices are primarily concerned with organization, planning, counselling and trouble-shooting. But the real job is done in the local NAB offices in the country's 125 largest metropolitan areas. In each of these 125 areas, a metropolitan chairman devotes his energy to opening employment doors in local industry to citizens of the area's ghettos. He encourages industry to use its own resources and creativity to provide employment opportunities for people it would not ordinarily employ. Where this requires special effort and expense, he encourages the companies to avail themselves of government support through a JOBS contract with the Department of Labor. The local office, headed by our metro chairman, invariably has looked for support from top business leaders in the community. The chairman will represent NAB with this group and will in turn choose a metro director who oversees the day-to-day work for the NAB organization. Also on the metro staff, a manager of job procurement and placement (JOBS MAN), serves as a loaned executive who assists the metro's pledge campaign; recruits the needed loaned executive solicitors; and oversees their training. A manager of recruitment and government programs (MAN MAN) represents the government arm of the Alliance partnership, and serves on loan from the state employment service. He sees that job pledges are converted to specific job orders; provides the necessary outreach, screening and referral for hiring; and assists in providing information on JOBS contracts. A team of industry job solicitors, and a secretarial staff support this basic four man office nucleus.

Recently, through a Department of Labor funded project, NAB was instrumental in having five hundred state employment service employees trained to serve as JOBS contract service representatives (CSR). These new members of the local metro, now stand ready to assist employers who desire guidance in entering into a training agreement with the Department. We believe this assignment of CSR's to our metro offices also brings state employment agencies into a further involvement with the problems of the "hard-core" unemployed. Thus, the CSR, and all the businessmen and women involved in the NAB program, make direct contact with companies that provide the jobs, as well as with the organizations that supply the job recruits.

In every metropolitan area there are many groups—private, public, formal, informal, large and small—that are addressing the problems of poverty. It is not the intent of the National Alliance of Businessmen to supplant or obstruct any of these local organizations. It *is* the job of the National Alliance of Businessmen in every area to work constructively with *all* programs concerned with employment opportunities. If a basic task of the Alliance is to help bring people and jobs together, the Alliance role must be that of a catalyst, to maximize the effectiveness of already existing resources. We have included as an attachment (Exhibit II), an organization chart describing how the metro office functions, and the role it should play in helping coordinate community manpower efforts.

In the NAB metro approach to solving employment problems of disadvantaged workers, a number of innovative developments have occurred. In Chicago, the NAB office produced a study entitled "Transportation and Employment of the Hard-Core" (Exhibit III). This report is considered by many to be an exceptional compendium of meaningful solutions to a major employment obstacle facing the urban poor. It has been distributed to thousands of employers.

In New York, the NAB metro (Coalition JOBS) developed an "Opportunity Rating System" aimed at encouraging employers to pledge "quality jobs" for the disadvantaged (Exhibit IV). The NAB objective is to develop good jobs, at reasonable wages, with valuable training and work experience, and an opportunity for advancement. Consequently the New York approach sorts out the dead-end type of job as an unacceptable pledge from an employer. Instead, the metro in that city aims at good jobs that provide meaningful employment to the "hard-core" new hire. Other NAB cities are beginning to follow this well-conceived lead.

In the great majority of NAB offices around the country, supervisory training workshops have been instituted on a regular basis. First line supervisors in cities like Philadelphia, Minneapolis, Atlanta, Buffalo, and San Diego, are thereby introduced to the unique problems of the disadvantaged worker. Paul Kayser, past president of NAB, said last year that "long before you put a disadvantaged person to work in a job, you have to put yourself in his shoes, think what he thinks, worry his worries, and look at yourself through his eyes." All too few supervisory personnel have ever undertaken this exercise. In many cases, they had little reason to do so prior to their company's pledge and hire commitment to the Alliance. Now, NAB metros everywhere offer workshops to instruct the supervisor on new situations to be faced; the tools to be used in meeting them; and the empathy the new worker must receive in order to succeed. These free workshops use a variety of training techniques to create maximum participant involvement. Included are color films, programmed instructions, group discussions, problem solving sessions, and creative role playing. The idea is to focus on the supervisor's experience and not merely to subject him to another series of lectures of human relations. He is helped to experience the job situation as the strange environment it frequently is to the disadvantaged worker. And he is urged to come up with creative ways to assist the "hard-core" employee to become oriented and productive. Employers report that the workshops are proving successful and that new and more sophisticated supervisory control habits are far more frequently in evidence.

As a final selection from many of the fine efforts undertaken by NAB metros to involve area businessmen in solving the employment problems of the disadvantaged, we are enclosing a copy of a letter sent to all employment and personnel offices in the Bridgeport, Connecticut area by our metro there (Exhibit V). It is representative of similar correspondence sent to local company employment offices by other NAB offices across the nation. The message NAB attempts to bring to those charged with company hiring is perhaps commonplace to some employers. It is simply a need of sensitivity and awareness in interviewing referred "hard-core" job applicants. For many employers, however, this message is an informative, meaningful introduction to the responsibility of bringing into the work force the many potential employees who have been denied this right in the past. Not all employers follow our lead. But through means of letters such as this; advertising in local newspapers, on radio and T.V.; and speeches to Chambers of Commerce and other business organizations, we have reason to believe that the crucial first contract affirmative response by business to the disadvantaged job applicant, is developing.

We have discussed at some length particular undertakings by individual NAB companies, and local NAB metro offices in developing an employment climate receptive to hiring disadvantaged American workers. We believe these examples to be representative of the work of the Alliance nationwide over the past two years. It may now be appropriate to indicate to you how many disadvantaged or hard-core people have been reached by the Alliance since 1968. Recently, Arthur A. Fletcher, Assistant Secretary of Labor, after hearings in Washington, D.C. on employment of blacks and other minorities in the building trades, was quoted in the press as saying that "we're going to play a numbers game because numbers is what it's all about." Although we do not see "numbers" as the sine qua non of the success or failure of NAB's program, and in fact believe they are secondary to our major function of altering industry hiring patterns and attitudes, the mission originally given to NAB was phrased in terms of target goals. Obviously, it is easier to measure accomplishment if you simply look at figures.

Much harder is the task of determining whether an employer's posture has been truly changed as to the criterion he uses in hiring. Nevertheless, having received specifically assigned quotas from two Presidents, NAB instituted a procedure for keeping track of statistical progress. A tally system was instituted using a computer. We call this our Management Information System.* For contracting companies, hire cards, completion/termination cards and upgrading cards are submitted at the end of the month to the Regional Manpower Administrator along with a monthly report, and then the cards are forwarded to the NAB headquarters. The hiring cards and completion/termination cards for noncontract companies are mailed directly to the NAB headquarters.

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*The information is gathered on 5 types of cards:

1. *The Pledge Card.*—The Pledge Card tells the National Alliance of Businessmen that a company has joined the program; the number of jobs the company has pledged; and whether the company is interested in the JOBS contract.
2. *The Hiring Card.*—The Hiring Card identifies the characteristics of the trainee coming into the NAB/JOBS program.
3. *Completion/Termination Card.*—The Completion/Termination card notifies the NAB that a trainee has completed contract training or has left employment.
4. *Upgrading Card.*—The Upgrading Card tells us when an employee's skill-level is being improved for a better job.
5. *Tally Cards.*—The Tally Card reports hires, terminations and on-board figures. This card is submitted quarterly by both contract and non-contract employers.

This system provides us with information on the number of pledges received, the name and other pertinent data on each individual hired, and similar necessary information if the new employee is terminated. The reporting of these facts through the completion of hire and termination cards is, in the majority of cases, a voluntary responsibility of the pledging employers and as such it is an imperfect system.

The quality of data in any reporting system is dependent upon the supplies of the data. We, at NAB, have found that larger employers who are experienced in personnel reporting systems tend to be accurate and timely with the data provided on hiring, training, and retaining "hard-core unemployed." With the smaller companies, we have experienced a number of problems. In many instances, they simply will not report, even though the NAB metro offices have been most diligent in attempting to secure tally reports from them on a monthly basis. Thus, NAB headquarters is faced with a situation where our figures probably reflect neither all of the hires in the program nor all of the terminations. We feel that in a volunteer program such as this, our reporting has been generally quite effective when compared with other, similarly oriented programs where reporting was often tied directly to the payment of funds. Although the contract portion of the NAB program does permit enforcement of reporting as a condition for payment, no such inducement is present in the volunteer program—and it must not be forgotten that approximately 70% of all persons hired under the JOBS program come from volunteer companies.

The volunteer aspect of reporting does not exist, of course, if the employer has a government contract. The reporting then becomes mandatory. However, even here categories are imprecise as to what actually happens to a trainee. For example, until very recently trainees who have completed training under contract and been assimilated into the employer's work force, were counted as "terminated," along with other trainees who had either dropped out of the program or been discharged from employment for some other reason. Also, of those trainees who did in fact drop out of the program, many went on to other jobs, into military service, or back to school. Yet they were also listed as terminations.

Changes in data reporting should go some way to correct this impreciseness as to terminations. Additionally, trainee's Social Security classifications will provide more detailed follow-up information on his or her employment progress. A basic sampling of 12,000 trainees done by NAB last year shows that such data can, in time, be obtained (Exhibit VI). It also reflects that NAB trainees were appreciably affected by their involvement in the program, both as to mean earnings (69% increase) and as to additional number of quarters in which they were employed.

No doubt, interest exists in numbers of disadvantaged people placed in jobs, and their specific record of maintaining employment. It should be first stated very clearly and precisely that the overwhelming consensus of opinion from participating NAB employers to date is that these so-called hard-core workers are everywhere indicating a desire to work and work hard. The vast majority, to the surprise of not a few employers, are turning out to be dedicated, industrious employees. They have well justified the faith placed in them. Given the opportunity at last, they quickly put to rest the pernicious cliches reflecting on their commitment to earn their place in the world of work. If we are justifiably proud of the nearly 25,000 American business firms participating in NAB, we are even prouder of the disadvantaged trainees who proved so many things to so many people, not the least of whom might be themselves. On March 31, 1970, we reflect the following statistics on these trainees:

Trainees hired	432, 797
Trainees terminated	223, 731
Total trainees on-board	228, 351
Trainees on the job with their original employer	209, 066
Trainees terminated after 6 months	19, 285

The above figures result in a retention rate of 48%, which we believe to well justify the business community's commitment to hire and train the "hard-core" through NAB. Although many would claim retention on the job for a six month period or better indicates successful assimilation into the economic mainstream, we have excluded these individuals from our on-board totals in calculating our retention figure. Likewise, we have excluded, in determining a retention percentage, the approximately 10% of "terminated" trainees who have gone from a NAB employer directly to other employment. Another 2% of this termination category is attributable to individuals who have returned to school or entered the armed forces.* We have excluded these trainees in calculating our retention rates, but we cannot believe they are in any sense failures. At a conservative 48%, our "numbers" nonetheless stand as a not unrealistic reflection of the success of the NAB program and its people.

The Committee is aware, of course, that NAB trainees, unlike those in other federally sponsored manpower programs (except MDTA-OJT), begin with 100% of their number in jobs. The problems of placement after training, or training for non-existent jobs, are thus obviated. We have stressed the necessity of the "hire-first" concept to businessmen nationwide, as a means of attacking the root of the problem of "hard-core" unemployed. However, with this approach, many feared that employers would continue to screen out needy individuals who were ostensibly unattractive to employment interviewers—thus "creaming" the top layer of the so-called hard-core. Especially was this considered to be an unattractive possibility in the self certification, non-contract hire situation that comprises the bulk of the NAB program. But in the contract portion, where certification of disadvantaged trainees is done by the state employment service or C.E.P., and in the non-contract portion, profile characteristics of trainees vary only slightly.* For instance, under contract, average family income is $2,367 compared to a non-contract average of $2,495. The JOBS contract trainee's average number of weeks unemployed is approximately 20, while non-contract trainees average 22. Both groups average a family size of slightly more than 3.5 persons, and both average only a little more than two years of high school education. Eighty-four per cent of trainees under a JOBS contract are members of a minority race, whereas 77% non-contract trainees are minorities. Contract trainees average slightly over 25 years old, and non-contract about a year younger. In summary, we believe we are reaching the target populations defined for us by President Johnson, and the Department of Labor.

We would be remiss if we failed to list for you some of the problem areas encountered by NAB in the course of expanding our operations to 125 metropolitan areas. We have mentioned difficulty in obtaining more precise information on new hires and termination; the reporting requirement being honored in the breach by many smaller employers; and the need for more complete tracking of individuals once they complete the program. Other difficulties also exist. Although nearly 25,000 employers are presently part of NAB, over two million employers have yet to make an initial pledge. Most of those businesses are small. But in reviewing our responsibilities of opening job opportunities and modifying hiring attitudes of American employers we must find a way to more fully commit these companies to the task of hiring the "hard-core". In New York City alone, there are probably something like 250,000 employers. If each one hired a single disadvantaged worker, a sizeable dent in the problem of poverty in that city could be accomplished. The NAB office in that city (Coalition JOBS) has just completed a study on the impact of our program there. It details, in a thorough way, many of the difficulties encountered in implementing a JOBS contract, and thereby mounting a meaningful attack in the employment problems of the poor. We recommend it to you for study (Exhibit VII).

Also, we are continually in need for more top quality business executives. Both in Washington and the field, we have relied on the efforts of a cadre of loaned businessmen who take substantial time from their careers to develop jobs for the disadvantaged. Turnover here is usually on an annual basis, and something quicker. We have aimed at continually publicizing the NAB program to the business community and stressing its merits.

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*These percentages as to "terminated" trainees who moved directly to new jobs, school, or the military, are based on a sampling of 169,000 NAB contract and non-contract trainees as of February 28, 1970.

*Many non-contract employers have specifically requested that "hard-core" new hires be certified by the state employment service or C.E.P. before referral. Approximately 26% of non-contract referrals are so certified before reaching the employer.

The obvious purpose of this "hard-sell" to employers was, and is, to enlist their support for NAB; make them aware as businessmen of the potential human value in our inner cities; and convince them that changes in their hiring policies would make extremely good business sense. But undertaking operation of NAB with short-term businessmen volunteers and very few paid staffers, of necessary limits the scope of activities of a program given significantly large goals. Of course, support from two Presidents and the Congress has been imensely helpful in terms of recruiting volunteers. And at every opportunity in our communications to employers, we have referred to statements about the Alliance similar to that made by Senator Fred Harris of Oklahoma that, "this evidence of interest on the part of the American business community in the problems of the less fortunate, indicates a growing development of social consciousness in an important sector of American life."* While partisan criticism would have been fatal, strong words of endorsement by key government officials have not always been enough. We are however, continuing to seek out more dedicated businessmen committed to helping solve the employment problems of the poor. The principle of voluntary support by employers in a manpower program, and indeed a program of social redress, that is staffed and run by businessmen, has proved to have inherent appeal. We believe it would be inappropriate now to consider employing large numbers of program administrators. However, the problems of adequate numbers of volunteers with time and skill to perform well in the task assigned, remains for NAB a pressing concern.

Although NAB does not negotiate JOBS contracts for employers, nor monitor their performance, we are informed by the Department of Labor that in some instances employer performance under contract is unsatisfactory. In some cases jobs contracted for have been in low-wage and high-turnover categories. In others, supportive services, although part of the commitment, are not given the new worker. In others, training companies under subcontract to provide such services, fail to do so. These defects must be exposed and corrected. We believe the Department of Labor is increasing its monitoring activities in regard to JOBS contractor performance, to see that such defects are eliminated. In every major manpower program in the past, such abuses have existed on a scale of some proportions. Although disappointed, we are not disheartened that non-performance has occurred in some instances. It might be suspicious indeed if no evidence of contract default existed in a program of such proportions. We do, of course, feel that selected examples of poor JOBS contract performance are not reflective of the overall good work being done by contractors nationwide. And it should be remembered that most employers prefer not to accept government reimbursement for their hiring and training of the "hard-core". Nonetheless, we are aware of the need for close surveillance of JOBS contract performance and hope to see it increase in future months.

Lastly, our retention figure to date of 48%, even though determined on a somewhat conservative basis, is still not as good as it might be. Many disadvantaged people are denied the economic security incidental to holding a good job. We are unsatisfied with the argument that, compared to the nationwide retention figure for all new hires, the accomplishment of effectively placing the so-called hard-core to the extent indicated is on its merits a substantial accomplishment. This defensive posture is not the position we espouse. To compare our retention rate with other less successful programs undertaken in the past is hardly the answer. Retention figures should be better. More attention must be given by employers to the special problems "hard-core" trainees bring with them to the office or factory. Better paying jobs, with true opportunity for advancement must be developed. Upgrading possibilities for disadvantaged employees must be continually assessed. Supervisors must be convinced that their work record will in part be judged by how well they assist these new men and women in successfully holding their own in a new work environment. The list of areas of improvement here is a long one. We are aware of the responsibility NAB has, and the greater responsibility of American business and industry, to see real progress made in improving the job retention of the people who desperately need our help and assistance.

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*91st Cong. 1st Sess., Vol. 115, No. 151, Sept. 19, 1969, P. S10970.

In conclusion, let me say that we are optimistic about the future of the Alliance. The record so far, we believe, is a good one. It reflects on the vitality of our economic system. The vast employment resources of the private sector have been marshalled as never before to solve one of the most pressing problems of our society. NAB is proud of the business community response, and its willingness to accept and accelerate change. Numbers of disadvantaged workers in jobs is a part, but only a part of the total accomplishment. Each of you, here today surely has been told before of the hiring and training success of NAB employers in your cities and states. There should be more such stories, and there can and must be more

Providing jobs for the "hard-core" unemployed will not by itself end poverty. In fact, none of us know yet whether this vitally important experiment will ultimately succeed; whether enough jobs can be found for, and held by, the persistently unemployable. But everyone knows that the attempt must be made, and made with great energy. Although employment is only a part of the answer, it is an indispensable part. The conscience of this country can no longer tolerate a situation in which hundreds of thousands of Americans are unable, for whatever reason, to live with dignity and self respect as the rewards of their own labors. The National Alliance of Businessmen was created shortly over two years ago. It began its work immediately, believing the need was pressing and that there was no time to sit around and try to draw up a 100% perfect program before beginning the task. We were exploring new territory, trying new methods. We have learned by trial and error. Some problems we have overcome; many problems and difficulties remain. But as long as the Administration, and the Congress believe that ours is a valuable effort, I know the American business community will continue to strongly support the Alliance and its work.

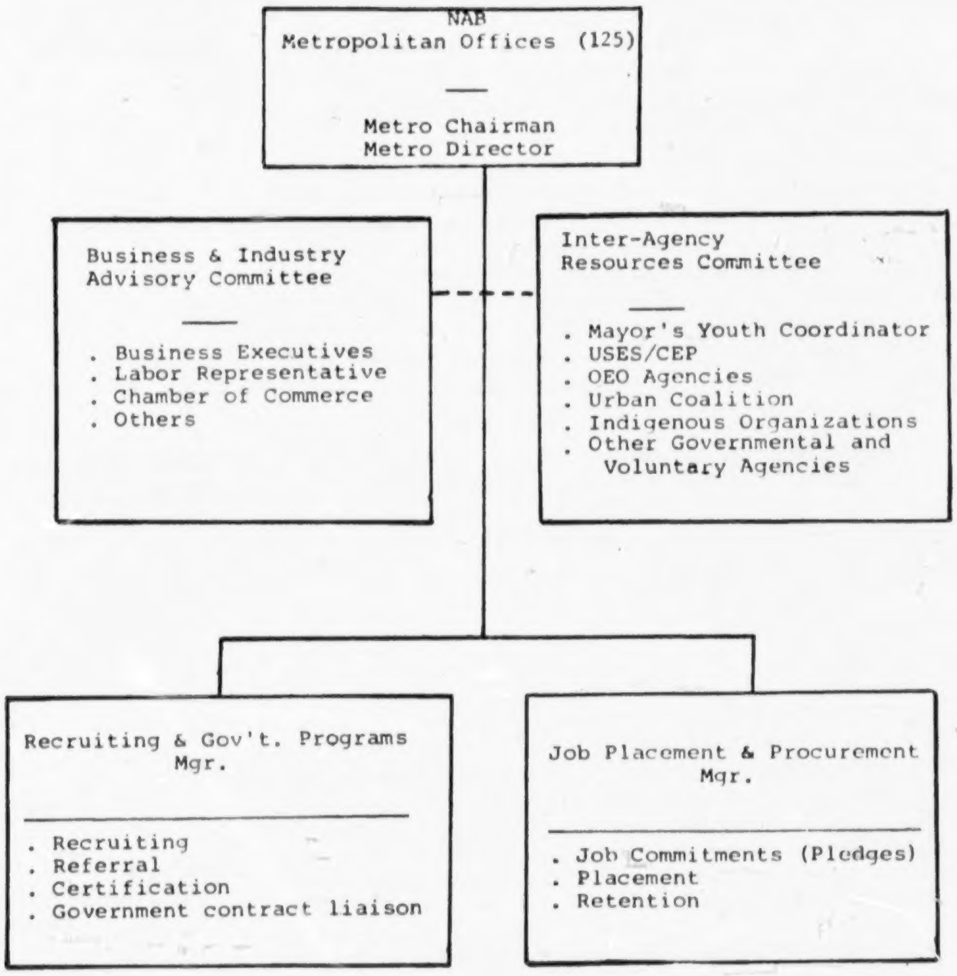
EXHIBIT I.—CONTRACT COMPANIES

	Trainees hired	Trainees terminated	Trainees terminated on-board more than 6 months	Net trainnees on board
American Airlines	459	145	21	335
Chrysler Training Dev	3,398	1,501		1,897
Eastern Airlines	483	315	38	206
Hotel Corp. of America	105	62		43
International Harverster	518	240	5	283
Lucky Stores	398	205	48	241
Pan American Airlines	293	100		193
Phillip Morris	61	29	2	34
Sinclair Oil Co	25	3		22
United Airlines	774	408	48	414
Smiths Pride Foods	1,319	590		729
Chase Manhattan Bank	374	103	22	293
Consolidated Edison Corp	672	267		360
First National Bank	1,091	413		678
Republic Steel Corp	856	439	37	454
Western Electric	1,557	613	53	997
NBC	38	8		30

NONCONTRACT COMPANIES

	Trainees hired	Trainees terminated	Trainees terminated on-board more than 6 months	Net trainnees on board
F. W. Woolworth Co	2,198	930		1,268
United States Steel Corp	4,700	1,993		2,707
W. T. Grant	1,061	639		422
The Budd Co	671	162		509
General Motors	21,931	11,668	358	10,621
Metropolitan Life	574	189	5	381
Rochester Jobs, Inc	5,074	2,060	224	3,738
Lockheed Georgia Co	884	434	220	670
Pace Corp	1,677	1,127		550
Bell Telephone	578	152	36	462
First National Bank	270	99	14	185
J. C. Penny Co., Inc	751	433	52	370
Philco-Ford Corp	289	190	1	100
Continental Oil	1,421	1,245		176
IBM	461	104		357
ATT Long Lines	72	21		51

EXHIBIT II.—NATIONAL ALLIANCE OF BUSINESSMEN METRO OFFICE ORGANIZATION


NAB
Metropolitan Offices (125)
Metro Chairman
Metro Director
Business & Industry Advisory Committee
. Business Executives
. Labor Representative
. Chamber of Commerce
. Others
Inter-Agency Resources Committee
. Mayor's Youth Coordinator
. USES/CEP
. OEO Agencies
. Urban Coalition
. Indigenous Organizations
. Other Governmental and Voluntary Agencies
Recruiting & Gov't. Programs Mgr.
. Recruiting
. Referral
. Certification
. Government contract liaison
Job Placement & Procurement Mgr.
. Job Commitments (Pledges)
. Placement
. Retention

REVISED: December, 1968

EXHIBIT III. — TRANSPORTATION AND EMPLOYMENT OF THE HARD — CORE

INTRODUCTION

Transportation is proving to be an important consideration in getting the unemployed into jobs. Approximately one-third of the Chicago Alliance of Businessmen's present job pledges are located outside the city. This percent will increase as CAB's pledge campaign expands.

Though inadequate, there is much more mass transit available within the metropolitan area than generally realized. This booklet is an attempt to establish some guidelines for what is considered an acceptable transportation solution, to give the reader a feel for what mass transit facilities do exist and where they go, to suggest some alternatives where mass transit is not adequate, and to give some examples of how individual companies have solved their own transportation problems. A Transportation Advisor is on the Alliance staff and is available to participating companies for consultation and assistance.

OBSERVATIONS & GUIDELINES

Practically all of Chicago's suburban areas can be defined as "hard-to-reach" by public transportation. City transit basically stops at the city limits. Most suburbs are at least 10 miles from Chicago's Loop. Therefore, most travel to the suburbs by public transportation, where feasible at all, will demand:

1. an additional transfer
2. an extra fare
3. excessive time.

In addition to getting a person to a job, it is important that the transportation itself not have a deleterious effect on the employment situation. Sufficient handicaps already exist for a disadvantaged person entering a new work experience without the added negative effects of poorly conceived transportation. It is clear that expensive, time-consuming, uncomfortable transportation will not perform any magic on retention rates. Initial observations would indicate that any proposed transportation should satisfy at least four minimum criteria:

1. It should not be excessively time-consuming, preferably under one hour each way (1¼ hours maximum each way).*
2. It should be inexpensive. Entry level jobs do not pay much and a cost of $1.00-$1.50 per round trip would appear to be an upper limit. (Many solutions will therefore probably require some type of financial assistance by the employer).
3. It should be reasonably simple. Numerous transfers, etc., are confusing to people who don't often venture outside the city.
4. It should be as attractive as possible in terms of personal comfort and convenience.

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* *In terms of unemployment compensation, travel time in excess of one hour each way is considered sufficient justification to refuse to accept a job.*

This booklet attempts to suggest a number of transportation alternatives which can be tailored to the needs and desires of a particular company. Since any solution will directly affect the welfare of employees, one important consideration will be the attitude of the company union. Some unions will object to transportation assistance for some employees and not for others. Other unions recognize the special needs of certain groups of employees; one union, for example, requires that wherever an employee must pay two fares to get to work, the company must pay one of them.

In general, it is recommended that employees be expected to pay at least a nominal share of their transportation expenses. Where a company chooses to give some financial assistance, it is best done as a direct expense; e.g., payment to a bus company for charter services or purchase of commuter railroad tickets for distribution to the employees. This type of assistance more properly falls under the category of a normal "cost of business" rather than as a direct cash subsidy to the worker, a type more apt to be resented by other employees. It also avoids having this assistance subject to the individual income tax.

Whatever solution is decided upon, a company should carefully evaluate any long-term commitments, especially in such areas as charter or leasing. A common experience is that employees will gravitate toward car pools or purchase of their own autos whenever this becomes economically feasible or advantageous.

ALTERNATIVE SOLUTIONS: SOME GENERAL APPROACHES

Listed below are several possible approaches for providing transportation to your company: *

- The employer can charter a bus, with driver, to provide transportation between the employees' homes, training center and job site.
- A consortium of employers, either an official consortium or an unofficial group, can share the above system based on some agreed to cost sharing.
- An employer or consortium can buy a fleet of used cars, can "rent" these to new employees for individual and car pool uses.
- Necessary improvements in public transit service (route extensions, special runs, etc.) can be purchased from the municipal carriers. Costs can be shared among employers where a common service improvement can serve a number of job sites.

* *Suggested by John L. Crain, Consultant to the Department of Transportation from the Stanford Research Institute.*

- A successful approach has been the buddy system. Employees, newly hired hard-core or older employees, are paid to be responsible for transportation for the new hires. This system has the advantages of having a built-in followup procedure on potential lateness and absenteeism.
- One training organization for a large consortium assists the employee in buying an automobile, performing a middleman function between the buyer, the used car seller, the lending agency and the insurance company.
- Many employers have purchased a company bus, then paid one of their employees the necessary overtime to act as driver. This system allows total flexibility and can provide door-to-door service between home and work locations.
- Where the problem is cost, not the availability of public transportation, bus tokens or other devices can be provided to new hires.
- Arrangements can be made with taxi companies to pick up employees, at or near their homes. Groups of 5 persons are pooled who live reasonably close together. Under careful planning costs can be kept to $ .50 per person per trip if the commute distance is not extreme.
- The existing fleet of company cars can be used. Specific employees report to work early, then are detailed to perform morning pickup service bringing the new hires to their work locations.

If the company chooses to apply for a government contract, these transportation costs are reimburseable during the period of training.

Following is a more detailed description of some specific transportation alternatives.

CITY TRANSIT: CHICAGO TRANSIT AUTHORITY

The CTA offers extensive surface (bus) and rapid transit (rail) service within the city limits, and to a limited extent, within certain suburbs. It functions as an excellent collector service, picking up workers throughout the Chicago area and funneling them to central pickup points – most logically at the end of rapid transit lines – where they can easily be met by other transportation sources such as company vehicles, charter buses, suburban bus routes, etc. To keep total travel time within reasonable limits, this is most feasible when the company's location is relatively close to the city limits.

Another feasible approach, when the company location is not too distant from existing CTA service, is an extension of a CTA line to the company. (See the case history on "Guaranteed Income" Bus Service for more details.)

A map of CTA service is included in the pocket at the rear of this booklet. Also, a map highlighting the rapid transit system is shown in Appendix 1a (in pocket in back cover) with some representative travel times shown from point to point in Appendix 1b. Wherever possible, rapid transit service is to be preferred as it cuts commuting time in half and avoids all traffic delays.

COMMUTER RAILROADS

Commuter railroads offer fast, direct service to many distant suburbs. Where time schedules are satisfactory and where some type of transportation can be arranged from the suburban station to the plant (company vehicle, car pools of suburban employees, re-routing of suburban bus line, taxi, etc.), this mode should not be overlooked. It is especially appropriate where the number of employees is too small to consider charter bus service or where employees can be recruited from an area near an intermediate station of the railroad. The cost, however, is generally high, and some form of financial assistance should be considered in most cases.

A map showing the areas served by commuter railroads is provided in the pocket at the rear of this booklet. Appendix 2 shows some approximate travel times and costs between probable boarding stations and certain suburbs known to have major industrial inhabitants. Appendix 3 shows the frequency of rush hour service. To determine the arrival time at a particular suburb, add the pertinent travel time to the time of departure.

This is all meant to give a rough idea as to whether a particular railroad will provide a feasible "pipeline" between the inner-city and a suburban company. Unusual starting times, shift work, etc., will complicate the picture. More detailed information can be received from the railroad or at the CAB office.

A list of the addresses of the downtown railroad stations and their phone numbers is included as Appendix 4.

SUBURBAN BUS

Suburban bus companies offer at least some service into most suburban areas. The frequency and coverage are somewhat limited however. The services offered are too varied to attempt any summary here other than to provide a list of companies grouped according to their area of operation (Appendix 5). Many of these companies also provide industrial charter service and should be contacted directly for additional information.

CHARTER BUS SERVICE

For companies which are not easily accessible by public transit and which can establish and maintain groups of riders of feasible busing size, charter bus service offers an economical, fast, and reliable means of transportation. Although it can take many variations, the basic concept involves chartering a bus to pick up employees at some inner-city location (or locations) and then offering express service to the suburban industrial site. As such, it offers many advantages not usually available to other means of transportation:

1. *Elimination of numerous transfers.* The process of riding a crowded bus for a short distance and then having to transfer and wait on a cold, windy corner for another crowded bus is an exasperating experience. It is not the kind of experience which will be tolerated any longer than necessary.

2. *Speed.* Travel by public transit to most suburbs can rarely be accomplished within acceptable time limits. The only feasible alternative is by auto or express bus. Lacking automobiles, the disadvantaged are characteristically at a disadvantage. A promising concept being promulgated in many quarters involves recruiting employees from within a concentrated inner-city area. Then by having only one or two pickup points, a charter bus can reach even distant suburbs within an hour by utilizing expressways and tollways. One northwest suburban company located over 25 miles from the city center, makes two pickups—one on the south side and one the near west side—and still keeps total travel time at approximately one hour.

3. *Camaraderie.* Many companies are finding that a camaraderie often develops among employees who share the same bus day after day. This can be an important factor in employee retention. Some companies seek to foster this by supplying reading material, coffee, etc. on board the bus. A few companies are even toying with the idea of making the commuting time productive by passing out company literature or showing training films on board the bus. Music has also been suggested. The potential is great.

The cost of charter service varies according to type of equipment, and length and number of trips. Assuming an "average" case of one trip between the city and a suburb each morning and evening for a one way distance of 20 miles, an approximate daily cost might range from $50 to $80. The lesser amount would be for a school-type bus of approximately 43 passenger capacity while the larger amount would be for a more comfortable greyhound-type bus of the same capacity.

For a company operating more than one shift, the relative cost can be reduced, especially if the bus can deliver one shift and then return the quitting shift and costs are figured on a per capita basis. For example, one company pays $120 per day for a school-type bus which services all three shifts. On a per capita basis, this approximates $1.00 per person per day if 40 passengers ride each bus.

It is obvious that this method can become relatively expensive unless groups of bus-load size can be maintained. It is probably not feasible to consider charter service for groups of less than 25. Also, unless the service is made attractive and economical, riders will tend to find more suitable means of getting to work, such as car pools, or will leave for a more convenient job.

Careful planning and merchandising is the key to a successful busing program. If new hires do not constitute a bus-load, present employees can often be found who would prefer to use a good bus service. Company flyers, notices on bulletin boards, etc., can extol the virtues of the bus service and help to develop and maintain steady riders.

Table I gives some illustrative per capita costs for charter bus service.

TABLE I

DAILY PER CAPITA CHARTER BUS COSTS*

No. of Passengers	School-Type Bus		Transit-Type Bus	Greyhound-Type Bus
	$50	$60	$70	$80
20	$2.50	$3.00	$3.50	$4.00
25	$2.00	$2.40	$2.80	$3.20
30	$1.67	$2.00	$2.33	$2.67
40	$1.25	$1.50	$1.75	$2.00

* *(Assumes one trip each morning and evening and a one way distance of 20 miles between pickup point and plant location).*

"CONTRACT CARRIER"/ TRANSIT SERVICE

Several private companies are providing various forms of charter service to individual companies or groups of companies. Under a concept variously referred to as "pocket-to-pocket" or "pinpoint" transportation, these transit services attempt to pickup employees in a relatively concentrated city area (often times at a city transit terminal or employment office) and transport them to a concentrated industrial area. This overcomes the frequent problem of numerous transfers and excessive transit time. This concept is especially appropriate for groups of small companies which can't individually afford charter service.

Some of these transit services are incorporating recruitment, training and related activities into their service. While they do not limit their service to "hard-core" individuals, there is no reason why the hard-core cannot be included. Also, inasmuch as these companies are enabling semi-skilled and skilled workers to reach better jobs in the suburbs, they are creating job vacancies within the city which can then be filled by those of lesser skills.

This type of transportation requires that a company enter into a contract with the transit service. Charges vary but run in the area of $2.00-$2.50 per person per day. A common approach is for the companies to buy weekly commutation tickets from the transit service and then furnish these to the employees who require them. Most companies charge the employee a nominal fee ($1.00-$1.50 per day) and cover the remaining expense themselves.

Contacts: Henry Lowenthal 312/ MO 4-6656
North Suburban Transit Service, Inc.
218 E. Ontario, Chicago, Illinois 60611
Presently serving Elk Grove-Centex industrial complex. Developing concept of selling "work teams" to industry which would include recruitment, transportation, etc. Teams range from car-loads to bus-loads.

Witt Wallace 312/ FI 6-3395
Neighborhood Improvement Corp.
67 E. Madison, Rm. 1520, Chicago, Illinois 60603
Presently serving Lincolnwood, Morton Grove. Considering service into Franklin Park. Recruits personnel from concentrated area to reduce overall travel time.

LEASE, PURCHASE & RENTAL

As of this writing complete information concerning types of equipment, costs, insurance, legal liability, etc., is still being compiled. Certain salient points can be mentioned, however.

Obviously, leasing or purchasing a vehicle is a long-term commitment and accordingly, should be evaluated carefully. Most lease arrangements are for a minimum of one year and considering the typical instability in commuting patterns of new hires, this alternative is probably practical only for those companies with large enough programs to maintain stable vehicle loads.

For a small company this alternative presents the additional problems of arranging for vehicle maintenance and high insurance costs since the risk cannot be spread over a large fleet.

A promising approach in this area involves assisting employees acquire a used automobile on a lease/purchase basis (see the case history "Used Autos – Lease/Purchase Plan").

For a general idea of leasing costs, Table II gives some approximate figures. These do not include operating expenses.

TABLE II
MONTHLY LEASING COST

	Sedan	Station Wagon	VW Bus
One year lease	$150	$180	$175
Two year lease	$130	$160	$155

Some approximate purchase prices are:

1. New school-type bus: $7000
2. "Stretch" limousine (14 passenger): $6000
3. 10 passenger Dodge wagon: $3200

Rental is a more flexible approach and usually includes insurance, vehicle maintenance, gas and oil. Table III shows some typical prices.

TABLE III
MONTHLY RENTAL COST

Sedan	Station Wagon
$240 + 12¢/mile	$280 + 14¢/mile

CASE HISTORIES

Case histories of companies which have solved (or failed to solve) their transportation problems are being continuously developed as the Chicago Alliance of Businessmen expands its "JOBS" campaign. If you would like to receive copies of these write-ups as they are developed, please furnish a written request to the Alliance office.

Following are three examples of promising solutions to the transportation problem.

CASE HISTORY: CHARTER BUS SERVICE

Rauland Corporation (subsidiary of Zenith)
2407 W. North Ave.
Melrose Park, Illinois 60160

Summary

In order to obtain the large number of workers it requires, Rauland Corporation – a leading participant in the Chicago Alliance of Businessmen's program – has found it advantageous to provide charter bus service from the inner-city. Although this expense is reimburseable under a government job training contract only during the period of training, Rauland forsees continuing the service after training, at a below-cost fare, due to the large number of personnel who require such transportation.

Details

Located in a western suburb over five miles from the nearest city transit and operating around the clock, Rauland Corporation soon found that existing public transportation was completely unsatisfactory for bringing workers from the inner-city. They now provide three charter buses, free of charge, to serve the three shifts. Two of the buses serve the south and west sides of Chicago while the third provides a link with a Chicago Transit Authority Rapid Transit line.

The buses are presently operating at or near capacity and it appears that more service will have to be added as more trainees are hired. Per capita costs are quite low since the bus that delivers one shift is used to return the quitting shift. For a daily charter cost of $410, approximately 360 people are transported for a per capita cost of roughly $1.10 per day. Not all of these riders are trainees; ex-trainees are permitted to ride if they do not deny a seat to present trainees.

Due to the large demand for convenient transportation, Rauland is considering continuing the service after training, charging each employee a nominal fee of about $1.00 per day. To make the transportation even more amenable, they are also thinking about providing music or other entertainment on board the bus.

Contact: Mr. Leonard Luce
Rauland Corporation
312/345-4700

CASE HISTORY: USED AUTOS—"LEASE/PURCHASE PLAN"*

The Milwaukee Railroad
10600 Franklin
Bensenville, Illinois

Summary

In an effort to overcome the difficulties experienced by inner-city residents in reaching suburban job sites, a local city agency, bank, and suburban employer are developing a program which will make used automobiles available to qualified trainees on a lease/purchase basis. It is hoped that the program will be expanded and made available to other interested companies.

Details

The Milwaukee Railroad is hiring inner-city residents for its switchman training program in Bensenville, Illinois. In conjunction with the Chicago Committee on Urban Opportunity, the Gateway National Bank, and the Urban Redevelopment Corporation (a legal, non-profit organization established to handle the leasing arrangements), the company will assist qualified trainees obtain used '63 or '64 Volkswagens on a lease/purchase plan.

Monthly lease payments will be deducted from a trainee's paycheck. If a trainee quits and/or is fired (fired on a legitimate basis) the lease is automatically cancelled and the vehicle would then be leased to the next trainee in line. He would lease it for the balance due and make the stipulated monthly payments including insurance. Upon final payment, the lessee will become the owner by receiving the title from the Urban Redevelopment Corporation.

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* *Adapted from Training the Hardcore*
Volume 7
Urban Research Corporation, 1968

The Milwaukee Road will identify the trainees who are qualified on the basis of:

1. Attendance
2. Dependability
3. Work Performance
4. Personal Interview

The Chicago Committee on Urban Opportunity will have, prior to the trainee going on the job, re-assessed his credit problem, if any, and cleared the individual for the lease.

The Gateway National Bank will finance all vehicles and lease them to the Urban Redevelopment Corporation who in turn will lease them to the trainees. The Urban Redevelopment Corporation will sign the lease for each vehicle and execute any and all cancellations and/or certificates of title.

Contact: Charles Fisher
Division of Training
Chicago Committee on
Urban Opportunity
400 South Peoria
Chicago, Illinois
312/243-4315

CASE HISTORY: "GUARANTEED INCOME" BUS SERVICE

ABC Company
Skokie, Illinois

Summary

ABC Company arranged with the Chicago Transit Authority (CTA) for an extension of CTA service to the company's suburban location. The arrangement involves a guarantee by ABC company of a minimum number of passengers per bus. The cost to the company is nominal since its proximity to an existing bus line permitted the extension of service without requiring the purchase of additional equipment. Approximately 40 ABC Company personnel utilize the service each day at a cost to the company of $.67 per person. (Cost estimated after the recent CTA fare increase from $.30 to $.40).

Details

The CTA makes three special bus runs to ABC Company each morning and evening. In initiating the service 10 years ago, the CTA examined the cost of extending its Peterson Avenue line to the company's plant, a distance of approximately one mile. (The Peterson Avenue line operates between the North-South rapid transit line, 5600 N. & 1200 W., and Central-Caldwell-Devon, 6300 N. & 5600 W.). The CTA estimated that its costs would be covered if an average of 30 passengers rode each bus.

An agreement was then reached whereby ABC Company guaranteed to pay the standard CTA fare for any number of riders less than 30 per bus. A passenger count is made once each month and if any of the buses are carrying less than 30, it is assumed that this level prevailed the entire month. The Company is then billed on a monthly basis for the number of fares they were short, plus a small monthly administrative fee. Passenger loads of over 30 are disregarded.

The service presently costs ABC Company approximately $590 per month. This would indicate that about 58 personnel regularly utilize the service each morning and evening. Since the company estimates that only 40 of its own personnel use the buses, some of these riders are undoubtedly from nearby plants. No attempt has been made to discourage them, however, since they decrease the overall cost to the company.

In addition to furnishing efficient and relatively cheap access by public transit, the company feels that a supplemental benefit of the bus service is an alleviation of pressure on its crowded parking lot.

Contact: Frank Misek
Chicago Transit Authority
Merchandise Mart
Chicago, Illinois 60654
Tel: MO 4-7200 Ext. 502

EXHIBIT IV. — OPPORTUNITY RATING SYSTEM — COALITION JOBS

OPPORTUNITY RATING SYSTEM

The Opportunity Rating System (ORS) is used as an automatic guide for judging each job opening developed by Coalition JOBS. ORS makes use of four categories of job specifications (weighted according to the importance of each specification) to determine whether the job developed is an Excellent, Good, Acceptable or Unacceptable opportunity. The four categories and their maximum value to the Opportunity Rating System are as follows:

JOB SPECIFICATION	MAXIMUM VALUE
1. Job Potential	5 points
2. Starting Wage	4 points
3. D.O.T. Rating	3 points
4. Entry Requirements	2 points
Total Possible Quality Points	**14 points**

An Excellent job equals 10-14 points; a Good job equals 8 or 9 points; an Acceptable job equals 6 or 7 points; and an Unacceptable job equals 0 to 5 points. An explanation of each of the categories follows in the text.

Purpose of Opportunity Rating System: Coalition JOBS has four purposes in using ORS. **First,** it acts as a guide to the job developer when he contacts a potential NAB employer for a job pledge. ORS asks for all the necessary specifications that determine whether the pledge will be a meaningful one to the target population. **Second,** ORS automatically determines for the NAB office staff whether the job is acceptable or unacceptable for the JOBS program. **Third,** ORS gives a more meaningful identification to the job as seen by the Recruitment Agencies. **Fourth,** ORS provides a vehicle for the local NAB public relations staff to publicize the NAB effort with greater credibility.

OPPORTUNITY RATING SYSTEM

JOB POTENTIAL	Quality Points	STARTING WAGE	Quality Points	D.O.T. RATING	Quality Points	ENTRY REQUIREMENTS	Quality Points
Training Program	1	Under $1.84	0	Over 21	0	3 or More	0
Management Union Attitude	1	$1.85–1.99	1	20, 21	1	1–2	1
Mobility/Marketable Skill	1	$2.00–2.19	2	15–19	2	None	2
Wage in 12 Months/ Fringe Benefits	1	$2.20–2.39	3	Under 15	3		
Industry Potential	1	$2.40 +	4				
Maximum Points in Category	5		4		3		2

TOTAL POINTS	OPPORTUNITY RATING
10–14	Excellent
8,9	Good
6,7	Acceptable
0–5	Unacceptable

CATEGORY #1

JOB POTENTIAL

Job Potential is the summation of five general criteria - other than the specifics of the job - to be used as additional evidence for judging job opportunity. The five criteria of job potential are described below. The descriptions are meant to be used as guidelines, which are not all-inclusive or mandatory, but significant to the potential of the job.

Each criterion is rated zero or one by the job developer depending on whether he feels the criterion is positive for the specific job or not. The criteria used by Coalition JOBS for making a judgment of job potential are as follows:

	QUALITY POINTS
Quality of Training Program • Has well-planned training ideas with competent training staff • Provides trainee with orientation • Provides on-the-job skill training • Provides good supportive service for trainee	1
Positive Management Attitudes, Union Attitudes • Top-management commitment, and understanding of JOBS program • Union understanding and commitment to the program • Supervisors are in tune with the objectives of the commitment	1
Job Mobility and Marketable Skill • Upward mobility within the firm • Skill level advancement • Skill is transferable to other employment situations	1
Salary After 12 Months and Fringe Benefits • Increases in salary at regular intervals (e.g., after training, after one year) • Good company fringe benefits	1
Positive Industry Potential • Industry and company have a stable or growing employment trend in the SMSA area • Industry is having positive results in its efforts to hire and retain the disadvantaged worker • Company is generally well regarded within its industry in the area of labor practices	1
Maximum Value for Job Potential	5

CATEGORY #3

D.O.T. RATING

The D.O.T.* code is used by Recruitment Agencies and the Regional Manpower Administration to title job openings and to indicate the amount of sophistication a job requires. The fourth, fifth and sixth digits express the degree of ability the job requires in:

(a) Using data

(b) Interacting with people

(c) Working with objects.

The D.O.T. code assigns higher numbers for less skilled jobs and lower numbers as the skill and status of the job increase. The sum of the fourth, fifth and sixth digits constitute the **D.O.T. rating.** (Some examples of D.O.T. ratings are: Porter = 23; Shipping Clerk = 18; Key Punch Operator = 15; Auto Mechanic = 11.)

The Opportunity Rating System awards more points to the job opening if the D.O.T. rating is low, indicating a good skill level and, therefore greater opportunity.

D.O.T. RATING	QUALITY POINTS
Over 21	0
20-21	1
15-19	2
Under 15	3
Maximum Value for D.O.T. Rating	3

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*D.O.T. refers to the Dictionary of Occupational Titles.

CATEGORY #2

STARTING WAGE

The Starting Wage is the initial dollars per hour payment given to the NAB hiree. Starting wage is generally a good indication of the opportunity for each job, but should not be judged alone since it ignores wage after joining a union or after training, and other potential benefits from the job. The determination of the cutoff points for each wage group has to be made from an analysis of the local job market. For New York City, the following was applicable:

STARTING WAGE	QUALITY POINTS
Under $1.84	0
$1.85 – 1.99	1
$2.00 – 2.19	2
$2.20 – 2.39	3
$2.40 +	4
Maximum Value for Starting Wage	**4**

CATEGORY #4

ENTRY REQUIREMENTS

Entry Requirements traditionally refer to the necessary qualifications the prospective employee needs to prevent being "screened out" of a job. Entry requirements for meaningful jobs may differ from one city to another so it is necessary to determine which barriers predominate in each NAB Metro location. The most common entry barriers to the JOBS program in New York City are:

(a) A high school diploma
(b) Previous job experience
(c) No criminal record (excluding some major crimes for specific industries)
(d) Typing speed of 30 wpm or more for clerical openings

The elimination of each of these traditional requirements enhances the opportunity of the job for the unemployed or underemployed worker. Therefore, the Opportunity Rating System awards more points to a job opening which has minimal or no entry requirements.

ENTRY REQUIREMENTS	QUALITY POINTS
3 or more	0
1-2	1
None	2
Maximum Value for Entry Requirements	2

APPENDIX

APPLICATION OF OPPORTUNITY RATING SYSTEM

UNACCEPTABLE

Company Name: The ABC Company

Job Title: Messenger **D.O.T.:** 230.878

Starting Wage: $1.75 per hour

Requirements: Some mechanical aptitude

Job Potential: Little chance for improvement in pay or position; no training program

ORS

Category	Points
Wage	0
D.O.T.	0
Requirements	2
Job Potential	1
Total	3

ACCEPTABLE

Company Name: The DEF Company

Job Title: Warehouseman **D.O.T.:** 922.887

Starting Wage: $2.14 per hour

Requirements: English-speaking ability

Job Potential: Possible wage after 12 months: $2.43 hr; good union interest

ORS

Category	Points
Wage	2
D.O.T.	0
Requirements	2
Job Potential	2
Total	6

APPLICATION OF OPPORTUNITY RATING SYSTEM (Continued)

GOOD

Company Name: The QRS Company

Job Title: Clerk **D.O.T.:** 219.388

Starting Wage: $2.28 per hour

Requirements: No arrest record

Job Potential: Wage after 12 months: $2.60 hr.; training for head clerk. Attitude of management very positive to NAB.

ORS

Category	Points
Wage	3
D.O.T.	2
Requirements	1
Job Potential	3
Total	9

EXCELLENT

Company Name: The XYZ Company

Job Title: Traffic Clerk, Advertising **D.O.T.:** 219.388

Starting Wage: $2.00 per hour

Requirements: Will accept applicants with police records

Job Potential: Following basic training, employees given their choice of dept. & occupation; training for positions of copywriter, editor, etc. Management committed to highly creative program.

ORS

Category	Points
Wage	2
D.O.T.	2
Requirements	2
Job Potential	5
Total	11

EXHIBIT V. — HIRING THE DISADVANTAGED — SUGGESTIONS FROM NAB

TO: Employment offices, personnel offices.

1. Interviewers

Screen your personnel staff so that NAB-JOBS applicants are sent only to interviewers who understand the positive benefits of the JOBS program. And who are not insensitive to the "problems" of the disadvantaged, especially minority-group members.

2. The Coach

Each applicant referred by CEP or CSES probably will be accompanied by a "coach".
Select one interviewer plus an alternate to be specifically available to set appointments for each JOBS applicant. Please make arrangements for the applicant and the coach who will accompany him to meet in the office for the interview. The coach may be valuable in interpreting and understanding what is necessary to complete employment.

3. Reception area

To the extent practicable, try to have the personnel reception area avoid extremes of decor that may be completely alien to a disadvantaged person. The first words and approach of the receptionist are also critical.

4. Application form

Please consider starting the interview without the use of a long form. Require only home address and social secrity number. After making a positive decision have the coach and the interviewer help the applicant complete a regular form.

5. The Interview

We expect that applicants will be sent only to jobs where they can reasonably expect to qualify following the training program. Please, therefore, spend less time evaluating the job applicant. Provide an explanation of how the JOBS program works, what the training is, and what the supplementary education is. In short, do everything possible to screen the applicant in rather that out.

6. Testing

Do not use test to screen out the applicant but to determine what additional training is necessary to bring the applicant to your job level.

7. Secrity check

Determine what type of history is and is not acceptable for the type of employment you have. Consider the sensitivity of the job and the possibility of whether there are other jobs which are in non-sensitive areas where the aplicant work.

8. Medical examination

Use your standard medical examination except consider the possibilty that glasses, hearing aids, hernia truss, dental care, etc. might make the applicant medically acceptable for employment. Funds are supplied by NAB-JOBS to assist in making these corrections.

9. Turn-down

If after the screening process which would include security check, attitudinal determination, pre-physical, and review by an appropriate superior it is determined that the person is not suitable for any positons open within your organization, please turn-down the applicant in such a way that he avoids becoming negative toward the company and NAB-JOBS. Also please make sure he is returned to the source of referral.

Placement interview

After determining applicant is employable hold an in-depth interview to determine best entry level position for applicant. Then contact assigned formen, supervisor or other person for whom this trainee will work, bring that person into the interview and again describe the training, hours of work, starting wages, and the benefits.

11. Follow-up

Please follow-up during the first and second weeks and once a month thereafter. Determine your own method of follow-up but advise NAB of any difficulties that may arise.

12. The Bridgeport NAB staff is always available to assist you in matters similar to point eleven or in providing additional services or educational facilities. Do not hesitate to call us.

EXHIBIT VI. — TRAINEE EARNINGS AND EMPLOYMENT

Data compiled in a random sampling of 12,000 NAB trainees by the Social Security Administration indicate promising trends. Though individual records of trainees were not available to NAB, SSA compiled data in a manner which would indicate shifts in both annual earnings and the number of quarters trainees were employed.*

Mean earnings of the 12,000 trainees showed a marked change in the year of hire. This increase is expected to have continued in 1969, based upon first quarter earnings.

Year		Mean Earnings	Percent Increase
1966	(estimated)	1,559	---
1967	(estimated)	1,736	11%
1968	(estimated)	2,561	48%
1969	(projected)	2,63[illegible]	3%

Mean earnings of the trainees increased by approximately 64% between 1966 and 1968. This increase in earnings was adjusted due to the limitations of the SSA maximum and, therefore, is quite realistic. There was a clear shift in specific earnings categories. The number of trainees with no reported earnings in 1966 decreased by 90% in 1968. And the number of trainees with earnings between $4,000 and $6,000 increased by greater than 50% in the same period.

The mean number of quarters of coverage for trainees in 1966 was 2.1. This indicates that the average trainee received earnings a little greater than two out of four quarters in 1966. The mean coverage in 1968, however, was 3.0. The greater shifts between years occurred in the number of trainees with zero quarters of coverage and those with three quarters of coverage. The number of trainees with zero coverage in 1968 was only 11% of the 1966 figure, representing an 89% decrease over the period. The number of trainees with three quarters of coverage increased by 86% in 1968. The interim year, 1967, indicates, however, that a trainee is not likely to shift from zero quarters to four quarters. They are more likely to shift only one quarter, that is from zero to one, from one to two, etc.

Additional findings are forthcoming, as further analysis of the data is completed.

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*This statement or a similar statement must be included in any use of this data, per disclaimer provision SSA.

EXHIBIT VII.—THE MA CONTRACT IN NEW YORK CITY

A REPORT BY COALITION JOBS ON MA 3 AND MA 4

ACKNOWLEDGEMENTS

So many people have contributed to this study, a listing of the names of all of them would be a report in itself. It is particularly appropriate, however, to recognize the person who was responsible for designing and carrying out this project—Donald W. Menzi. He spent countless hours and untold energy in accomplishing this task.

This study also required and received the full cooperation and candor of the corporations surveyed. Those on the Coalition JOBS' staff who played a vital role are: Luther Gatling, Deputy Director; Richard Schaye, Director of Management Information Systems; Hugh Ward, Director of Job Development; William Hammond, Consulting Director of Job Development; John DeLuca, Director of Program Development; Nina Jones, Program Developer; and Diane Scher Wolf, Executive Secretary.

Throughout the survey process, the U. S. Department of Labor through J. Terrell Whitsitt, Regional Manpower Administrator, provided its much needed support.

Finally, thanks must be given to the Steering Committee of Coalition JOBS, whose continued guidance, support and encouragement has been the cornerstone of whatever progress we have made in New York City.

PART ONE

Summary and recommendations

Introduction.—Since June 1968, the Department of Labor has committed over $27,000,000 in MA (Manpower Administration) Contract funds to New York City employers. These funds are paid to companies who hire, train and retain unemployed and underemployed workers through the Job Opportunities in the Business Sector (JOBS) Program.

A company that signs an MA Contract is reimbursed for the extra costs involved in setting up an appropriate training program. All MA Contract training programs include On-The-Job training and Special Counselling of trainees. The Contract can also reimburse a firm for such things as the cost of Orientation, Remedial Basic Education, Pre-vocational Skills Training and Supervisor Sensitivity (Human Relations) Training.

The training subsidy provided for by the MA Contracts has proven to be a very important tool in gaining substantive corporate participation in the JOBS Program. At the same time, the fact that the corporation must hire the person before any training takes place overcomes the most frequent criticism of government sponsored training programs—namely, no job guarantee upon completion of training.

The JOBS program

The JOBS Program is a partnership between Business, under the leadership of the *National Alliance of Businessmen* (NAB), and Government, represented by the U.S. Department of Labor (DOL). The goal of the JOBS Program is to create new opportunities for persons who are at a comparative disadvantage in the job market because of their lack of experience, education and skills, or because of discrimination against minorities. At the same time, the JOBS Program helps employers develop and utilize the abilities of a segment of the labor force that has been previously excluded from meaningful employment.

The potential significance of the JOBS Program is great:

(1) The private sector, for the first time, has accepted primary responsibility for the implementation and success of a major, national manpower program. As a consequence, since a number of basic economic factors influence the program's success, the corporate leaders involved in NAB have been forced to take even greater interest in the full range of problems affecting unemployment and underemployment.

In addition, with six out of seven jobs in the private sector, it is clear that a closer working relationship between business and the DOL can be mutually beneficial. NAB already has had a positive influence on the systems and approach of the government agencies supporting the JOBS Program. The frequent revisions of the MA Contract to make it easier to understand and market, is an example of this influence.

(2) Participation in the JOBS Program has made many corporations aware of the previously overlooked talents of persons who lack traditional academic credentials. It has also provided an opportunity for these companies to try out new techniques such as remedial education, individual and group counselling, and sensitivity training for supervisors. Implicit in the JOBS philosophy is the hope that many of these techniques will prove to be applicable to the whole entry-level work force, not just those enrolled in the program.

(3) Most important of all, thousands upon thousands of people heretofore excluded from the opportunities and wealth of the nation may now be finding a new avenue out of poverty.

Coalition JOBS

Coalition JOBS has the responsibility for implementing the NAB-JOBS Program in New York. Coalition JOBS is the result of a merger between the two major private sector organizations in the manpower field in the City—the National Alliance of Businessmen and the New York Urban Coalition. A Ford Foundation grant has provided extra funds for (1) a Technical Assistance Unit to help companies plan, write and implement MA Contracts and training programs, and (2) an Information/Evaluation Unit, which makes it possible for Coalition JOBS to evaluate, on an ongoing basis, the accomplishments of the JOBS Program in New York City.

The following pages document the achievements of the JOBS Program, identify the problems that still exist, and suggest ways for improving JOBS contracts in New York City.

Conclusions

Achievements.—The MA Contract Program in New York City appears to be achieving its major goals. This initial success is significant considering the experimental nature of the design and implementation of the individual training programs.

On the basis of the information gathered by Coalition JOBS, it is possible to draw the following preliminary conclusions regarding the achievements to date:

(1) Participating firms appear to be hiring and training those genuinely disadvantaged persons whom the program was designed to benefit;

(2) They have accomplished this by adjusting their hiring criteria in favor of less well-educated, less skilled and less experienced applicants for the jobs covered by MA Contracts;

(3) In most cases, the jobs represent new opportunities for disadvantaged workers. In firms that were already hiring the disadvantaged, the MA Contract has allowed the firm to add training components that make the jobs more desirable;

(4) Trainees are receiving wages and wage increases comparable to those of regular "entry level" employees in their industries;

(5) Two-thirds (67%) of the firms report that retention of trainees is as good as, or better than, the retention rates of regular employees in similar jobs, in spite of the previously "disadvantaged" status of the MA trainees;

(6) Program directors agree that Special Counselling of trainees (individually or in groups) and Sensitivity Training for supervisors are effective ways of reducing turnover among disadvantaged trainees.

Problems and recommendations.—On the other hand, Coalition JOBS has identified several problem areas" related to New York City's MA Contract Program. While these problems in no way negate the success of the program, their resolution would help insure the continued success of future MA Contracts.

Coalition JOBS' recommendations for dealing with these problems are based both on the results of this survey and on experience gained in working with MA Contract-Holders.

Consortia

While the consortium agreement is an important mechanism for involving medium-sized and smaller firms in the JOBS Program, it has proved to be a difficult one to operate successfully. Frequently, in a consortium, the lines of responsibility between the participating corporations, the contracting entity and the subcontractor are unclear. Furthermore, the corporations often do not have a full understanding of the program's purpose, nor their responsibilities under it. These factors tend to limit the companies' much needed commitment to the JOBS Program.

Recommendation.—The consortium format may face difficulties unless the participating companies are involved in the planning and design stage of the program. Furthermore, it is imperative that the consortium operational staff report regularly to a fully empowered participants' Board of Directors. In short, the individual company's commitment and role must be clearly determined for the consortium to work smoothly. Coalition JOBS has prepared a set of guidelines to assist those establishing consortiums. (See Appendix I—"Consortium Guidelines").

Subcontractors

The availability of MA Contract funds had attracted many private consultants into the Supportive Services industry. This is a relatively new development in the manpower field and there are, as yet, no recognized standards by which to judge the competence and reliability of subcontractors. The majority of the companies surveyed used "outside" subcontractors for at least one component of their training program. While many subcontractors are performing adequately, a number of firms have expressed to Coalition JOBS their dissatisfaction with the quality of services being provided by subcontractors.

Recommendation.—Coalition JOBS recommends that companies considering the use of subcontractors investigate carefully their capability and performance record. Coalition JOBS has prepared a set of guidelines to assist corporations in making their own evaluation of subcontractors. (See Appendix II—"Selecting a Subcontractor").

One of the objectives of the JOBS Program is to create a spillover effect on the companies' regular employment practices and training capability. Some corporations appear to be relying too heavily on subcontractors to develop their own capability to train and retain less skilled, less educated workers.

Recommendation.—While subcontractors can play an important role in helping a corporation get started, Coalition JOBS would encourage large and medium-sized firms to develop training capabilities within their own staff and organization.

Contract performance

In a few cases, Coalition JOBS found a significant difference between the provisions of the original contract and the actual training program. For example, some contracts included both high-paying and low-paying jobs, but in practice, only the low-paying ones were filled. Others included provisions for components such as Basic Education or Special Counselling, but when this was carried out on a "voluntary" basis, few trainees actually received it.

Recommendation.—MA Contract firms should be allowed flexibility in carrying out their training programs. However, Coalition JOBS recommends that both the Department of Labor and Coalition JOBS expand further their technical assistance capability to help corporations in the performance of their contracts.

Low wage jobs

Another basic objective of the JOBS Program is to move people out of the unemployed and underemployed categories into permanent, productive employment at a decent wage. A few of the companies surveyed were unable to provide jobs with post-training wages high enough to accomplish this goal. The trainees in these programs may have benefited to some extent from the supportive services provided by MA funds. However, unless the jobs being trained for provide the trainee with a reasonable expectation of earning a decent wage, or of developing a marketable skill which will lead to a job paying a decent wage the objectives of the JOBS Program have not been met.

***Recommendation.*—Coalition JOBS and the Department of Labor must concentrate their efforts on developing contracts with jobs that lead to an adequate income for the trainees.**

Recruitment

For the most part, the firms reported that they had received an adequate number of referrals from the recruitment agencies. However, there was a fairly widespread desire for "better screening and/or orientation" of trainees by the agency counsellors. In most cases, this reflected a concern on the part of the company about excessive attrition among trainees who were not really interested in the jobs the firm was offering.

Recommendation.—One of the accomplishments of the JOBS Program has been to create a better working relationship between the Public and Private Sectors. In this context, Coalition JOBS recommends the formal establishment of seminars and visits within industry for NYSES and MCDA counsellors. The purpose is to give them a first-hand knowledge of the jobs and the industrial setting in which trainees will be placed.

Puerto Rican trainees

Recent studies have shown that Puerto Ricans have the highest unemployment rates and the lowest median income of any group in the City. Yet few of the MA Contract training programs are set up in such a way that they can help Puerto Rican trainees overcome difficulties with the English language.

Spanish-speaking trainees are disproportionately concentrated in lower paying MA Contract jobs. This may be due to the fact that many employers, especially in the White Collar category, ordinarily use "language ability" as one of their standard screening criteria, and few of these firms had completely eliminated this factor in choosing trainees.

Recommendation.—Coalition JOBS recommends that, in the future, all major MA Contracts in New York City include a provision for special assistance to trainees whose difficulty with the English language is a barrier to meaningful employment. This is to insure that Spanish-speaking persons have an equal opportunity to fill the more attractive MA Contract jobs.

Economic conditions

The most frequently mentioned consideration influencing the corporate decision to participate in the JOBS Program was the existence of a "labor shortage." This fact underscores the importance of a relatively tight labor market to the success of the program. Since completion of the survey, several MA Contract firms have either reduced their commitment to hire trainees, or have been forced to lay off some of those already hired. Fortunately, this situation has not been widespread in New York City, but it is clear that Coalition JOBS will face increasing difficulty in marketing MA Contracts in the immediate future if the trend toward higher unemployment rates continues.

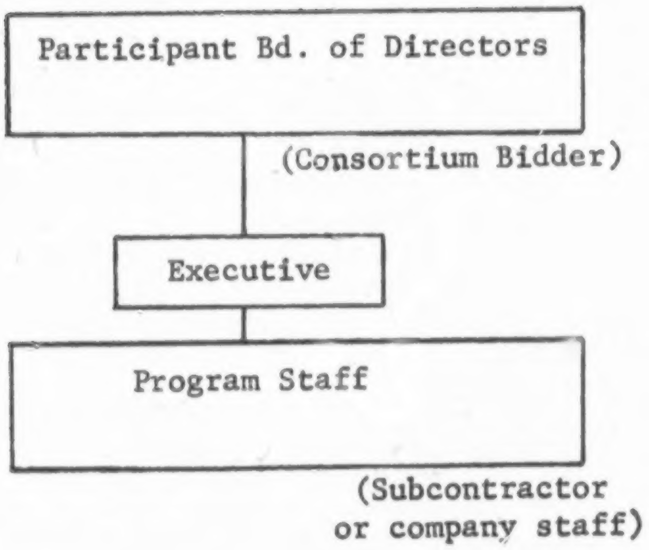
Recommendation.—Coalition JOBS should concentrate on developing opportunities in those industries that are least susceptible to the business cycle, thereby providing the best chance for the trainee to avoid rejoining the ranks of the unemployed. Secondly, Coalition JOBS recommends that NAB exercise its influence in favor of measures that will soften the impact of the business slowdown on the recently hired MA trainees.

CONSORTIUM GUIDELINES

1. *Company (or participant) commitment to the program.*—This is the essential ingredient for success. It should be clearly understood by every participant that this is their joint program. Basic responsibility for the correct implementation is with the corporations involved.

2. *Active company involvement with the planning and design of the program.*—Too frequently, a program design is handed to a company for approval with assurances that by simply signing the agreement their manpower problems will be solved. A company should understand that it is to their and the new employee's interest to actively design a program to meet both their needs.

3. *A legally established participant's Board of Directors.*—Although day to day operations might be sub-contracted, a special staff hired, it is suggested that the operational staff report on a regular basis to a fully empowered participants' Board of Directors. The organizational chart could resemble the following example:


Participant Bd. of Directors
(Consortium Bidder)
Executive
Program Staff
(Subcontractor or company staff)

The Board of Directors should be composed of representatives from the company participants, who should have a thorough understanding of their company's responsibilities and should actively direct and guide the operational staff.

The Board of Directors (possibly through the creation of a new legal entity) should be the CONSORTIUM BIDDER. The consortium bidder should not be the sub-contractor. It is suggested that all funds are dispersed through the Board.

4. *The legal, financial, and program responsibilities of each participant to the Department of Labor, to the subcontractor, and to each other should be clearly defined and understood.*—Without this understanding TRUST is impossible, and the consortium depends on trust to a great extent.

5. *The nature of the industry.*—The financial stability of an MA-JOBS program is heavily dependent on the retention rate of the new employees. It is important that the nature of the industry does not prevent a reasonable retention rate, i.e., through the job skill, seasonal variations, upgrading opportunities. Before the consortium begins operations, a careful study of the employment needs and unique industry characteristics should be done. Both the financial and programmatic design should respond to any special patterns within that industry.

6. *Quality program design.*—The MA contracts have shown that certain program components greatly influence retention rate. The following program elements take on even greater importance in a consortium arrangement:

a. *Orientation.*—A possible danger with the consortium is lack of employee-company identification. This usually becomes acute when a training center is used. New employees identify with the center rather than the company causing serious misunderstandings when the employee leaves the center and starts OJT. The design of the orientation phase should take this into consideration. Every effort should be made not to isolate the new employee and/or training program from the company. The following are items to remember in designing an orientation to increase company-employee identification:

1. Trainee interviewed and hired by company, not by sub-contractor.
2. Part of orientation conducted at company site.
3. Training center should attempt to closely resemble company environment.
4. Training program staff should be thoroughly familiar with company needs and environment.

b. *Counselling.*—In a consortium this component becomes critical. The counselling component should be carefully planned, have full company cooperation, and be continually stressed.

c. *Supervisory and human relations training.*—Any MA program should include a Human Relations component—especially a consortium. The use of an off-site training center, for example, makes it more difficult for the company supervisor to understand program goals and trainee needs.

d. *Job-related education.*—Frequently, the diversity of jobs within a consortium can impair the training curriculum. A "core" curriculum can be delivered for all trainees with individual programs developing later in the curriculum.

e. *On-the-job training.*—The MA-JOBS '70 contract requires the company to provide OJT. Very often, vestibule training (which is permissible) is extended to the point where skill training is delivered in a classroom off the job. It is to the company's self-interest to do OJT; they should not allow this responsibility to be diffused.

Additional items to consider:

1. Availability of transportation should be considered, particularly in reference to the training center—work site.
2. Knowledge of terms used in consortia:
   a. "Power of Attorney"
   b. "Contract of Intent"
   c. "Consortium Agreement"
3. Participant's job commitments should reflect seasonal and economic fluctuation of labor force needs.
4. The consortium should develop a sound financial projection for the length of the contract. Lack of good financial planning places the sub-contractor in jeopardy, and prevents the company's financial expectations from being realized. This could lead to reduced job commitments and mistrust, and could severely affect the quality of supportive services.

SELECTING A SUBCONTRACTOR

As a JOBS contractor, you may decide to subcontract part of your program to an outside training firm. The large number of training resources in the New York City area offer a JOBS company a wide variety of training approaches, experience, methods and materials.

From our experience with the JOBS program over the past year and a half, Coalition JOBS has these suggestions for you to help you choose a subcontractor.

First, choose the subcontractor before you have written the proposal, and bring him in to help you write it. He should know your viewpoint and the issues of concern to you, so that he can do the best job for the program. You should both participate in the actual design of the training program since you will share the responsibility for its success. And without his involvement, you could write a program he couldn't deliver and wouldn't want to.

Second, choose a subcontractor as you would choose an insurance company or a jobber. Get a bid. Select five or six firms from the Coalition JOBS directory or other sources. Give them a general outline of your program including occupation, wage level, number of jobs in the proposal, and any unusual features of the program. Ask for a bid from each of them and an outline for a training design. A sample letter follows:

SUBCONTRACTOR, INC.,
13 Jersey Avenue,
Brooklyn, New York.

DEAR SIR: We are carefully giving consideration to getting government reimbursement for training under JOBS '70 (or MA–5).

We are considering you and a few additional subcontractors in order to make a decision as to who will provide supportive services for the contract.

The following are services we expect you to deliver: 1. Job Related Education; 2. Orientation; 3. Counselling; Other.

We would like a rough outline from you including the likely fees or the basis of such fees. You may submit this material to us in writing or make a presentation or both. Please contact me to arrange the details. I will of course, be happy to answer any questions.

The contract will cover the following jobs: *Job Title; DOT Skill Code; Starting Wage Rate.*

Yours Sincerely,

JOBS CONTRACTOR.

Third, we also advise you to contact clients who have used the subcontractor. If possible, visit training sites and learn as much as you can.

Finally, interview the administrative and program staff of the training firm. In the course of your screening you may want to know the answers to such questions as these:

1. Does the subcontractor have experience in training for business and industry?

2. Does he have client references?

3. Were those clients satisfied with the subcontractor's work?

4. Does he know the JOBS guidelines well?

5. Does his own approach to manpower training support the JOBS program?

6. Does the subcontractor have training ideas of his own which go beyond the guidelines to strengthen the training program?

7. Does he support the employer's capability to contribute to the training curriculum?

8. Is he willing to use the employer's staff to enrich the job-related components of the training?

9. Is he willing to work to develop the employer's in-house capability to deliver the same kind of training?

10. Does his approach to the training program include broader issues relating to the total work situation? e.g., rewriting job descriptions, new staffing paterns, innovative approaches to on-the-job training and supervision for all employees, budget reorganization, other sources of funding, etc.

11. Are the staff—teachers and counsellors—lively and enthusiastic about their work in the program?

12. Do the staff members support the employer?

13. Does the subcontractor prefer to train at the work site?

14. Does he draw education and training materials from many sources?

15. Can the subcontractor show how his curriculum prepares the trainee to perform according to the job description?

16. Does he avoid an approach that sounds like any of these?

"we'll handle the entire contract for you"

"we can raise the reading level of all trainees to at least 8th grade within the contract period"

"a couple of sensitivity training sessions are all you need to prepare your staff"

"sensitivity training will handle any resistant supervisor"

"management doesn't have the answers anymore"

"the employer has his interest in training and we have ours"

Your choice of a subcontractor will depend on these and other kinds of judgments as you evaluate the capabilities of candidates.

PART TWO

Findings

Coalition JOBS survey.—During the month of November 1969, the Information/Evaluation Unit of Coalition JOBS conducted a survey of firms in New York City that are operating training programs under MA Contracts.

The purposes of the survey were:

(1) To discover whether or not the MA Program is achieving its goals in New York City;

(2) To learn about common and recurrent problems faced by New York City's MA Contract holders;

(3) To collect their suggestions on how to improve MA Contract procedures;

(4) To determine ways in which Coalition JOBS can assist Contract holders most effectively;

(5) To recommend possible solutions to the recurrent problems.

The survey interviews were conducted by 24 of Coalition JOBS' Job Developers, businessmen "on-loan" from their companies for periods of 6–12 months. The Job Developers were able to complete interviews with a total of 92 directors of MA–3 and MA–4 training programs. Forty (40) of these firms had individual contracts; 52 were members of consortia. The 92 programs contained 7,365 training positions.*

Coalition JOBS' survey was intended to be "operations research" aimed at providing information about MA Contract programs in New York City without waiting for the results of the extensive evaluation/research projects now underway nationally. One of these studies will examine in depth the characteristics, attitudes and experiences of trainees, and includes a sizeable sample from New York City.

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*At the time of the survey, a total of $27.3 million in MA Contract funds had been committed to over 200 New York City firms to hire and train approximately 11,000 disadvantaged persons. However, 72 of these firms (representing 2,145 training positions) had not yet begun hiring trainees, and were omitted from the survey. In addition, there were 52 firms in which the interviewer was unable to schedule an appointment, which lacked the information requested, or which were not assigned because their size and type of program was already adequately covered. These 52 firms contained a total of 1,309 training positions. All but 7 of them (136 training slots) were in consortia in which the central supportive service and a number of similar firms were surveyed.

In order to avoid duplicating the efforts of these studies, Coalition JOBS' survey concentrated on characteristics of programs rather than trainees. Its findings do not, therefore, deal with factors such as the educational attainment, family size and previous earnings of trainees—factors which would have to be taken into account by a full evaluative research study. In addition, while the survey asked for information on the extent of upgrading of trainees after completion of their programs, few of the programs had been operating long enough to provide meaningful data on this important question.

However, in spite of these limitations, the Coalition JOBS' survey does provide the basis from which to draw preliminary conclusions as to the achievements and problems of MA Contracts in New York City.

Coalition JOBS is distributing this report to the corporations participating in the JOBS Program, in the hope that they will benefit from this compilation of their experiences.

Findings: type and size of programs

Program categories.—The 92 programs surveyed were classified as "White Collar" or "Blue Collar" depending on the type of job the trainees were being prepared for.

White Collar programs are those training for jobs such as General Clerk, Typist, Bank Teller, Sales or Stock Clerk, Keypunch, Duplicating, PBX or Teletype Operator, and a small number of Managerial Technical or Semi-Professional jobs (e.g., Management Trainee, Buyer's Assistant, Copywriter, Draftsman, Programmer, etc.).

Blue Collar programs included Lineman, Maintenance, and various Equipment Operator jobs (in Transportation and Utilities); Welder, Grinder, Sheet Metal Worker, Furnace Operator, etc. ("Heavy" Blue Collar); and a variety of Assembler and Inspector jobs ("Light" Blue Collar). Programs in Service industries (Repair, Protective and Hotel) are also included in the Blue Collar category. A few predominantly Blue Collar programs also included training for clerical positions.

Consortia.—Forty (40) of the programs surveyed had MA Contracts of their own; 52 were participants in consortia. Most of the latter had been brought together by Supportive Services organizations that provided Orientation, Skills Training, Basic Education, and/or Human Relations Training, and took care of reporting procedures, leaving the company responsible only for On-the-Job Training and Counselling.

TABLE I presents the number of firms, training positions, trainees hired and "on board" (still employed) at the time of the survey:

TABLE I.—NUMBER OF COMPANIES, TRAINING POSITIONS, TRAINEES HIRED AND "ON BOARD" IN COMPANIES SURVEYED BY COALITION JOBS

Type of program	Number of companies	Companies in consortia	Training positions	Trainees hired	Trainees on board (November 1969)
All programs	92	52	7,365	7,369	4,008
White collar	66	38	4,753	4,185	2,285
Banking	14	12	1,801	1,655	948
Insurance	4	1	814	535	379
Retail	22	21	1,496	1,381	564
Communications	10	2	190	244	146
Miscellaneous, clerical	16	2	452	370	248
Blue collar	26	14	2,612	3,184	1,723
Transportation/public utilities	5	0	1,322	1,223	743
"Heavy" blue collar	7	4	316	356	141
"Light" blue collar	8	5	789	1,360	675
Services	6	5	185	245	164

Company size.—The companies surveyed varied widely with respect to the number of persons they employed in New York City. Thirteen companies employed under 100 persons; 8 had 10,000 or more New York City Employees. Blue Collar firms tended to be relatively small. Over half of the Blue Collar companies employed less than 500 persons, while only one in four (26%) of the White Collar firms were this small.

PROGRAMS SURVEYED BY TYPE OF PROGRAM AND COMPANY SIZE (NEW YORK CITY EMPLOYMENT)

Type of program	Number of employees in New York City: Under 100	100 to 499	500 to 999	1,000 to 2,500	2,500 to 9,999	10,000 plus	Total
All programs	13	19	15	18	19	8	92
White collar	5	12	12	16	15	6	66
Banking		3	1	2	4	4	14
Insurance	1			1	1	1	4
Retail	1	5	6	4	5	1	22
Communications	1	2		4	3		10
Miscellaneous, clerical	2	2	5	5	2		16
Blue collar	8	7	3	2	4	2	26
Transportation, public utilities					3	2	5
"Heavy" blue collar	3	3	1				7
"Light" blue collar	2	4	1	1			8
Services	3		1	1	1		6

As might be expected, the larger companies sponsored the largest training programs. As a result, approximately two of every five trainees were hired by the 8 firms with 10,000 or more New York City Employees, while the 32 companies that employed less than 500 persons accounted for only 15% of the total number of trainees hired.

TRAINEES HIRED BY MAJOR CATEGORY AND SIZE OF COMPANY

Company size (New York City employment)	Percent of all trainees hired, Nov. 19, 1969: All programs	White collar	Blue collar
10,000 or more	39	47	28
2,500 to 9,999	22	28	13
1,000 to 2,499	9	11	6
500 to 999	15	8	25
100 to 499	13	5	24
Under 100	2	1	4
Total	100	100	100
Total number of trainees hired	7,369	4,185	3,184

The decision to participate in the JOBS program.—In most (72%) of the programs surveyed, the process of applying for an MA Contract was initiated by an executive of the company. The remainder of the programs were initiated by a Supportive Service or Consortium.

A number of considerations influenced the companies' decision to apply for an MA Contract.

"Labor shortages" were the most frequently mentioned factor, specially among the larger White Collar and smaller Blue Collar companies. Altogether, 55% of the firms mentioned labor shortages as an important factor in the decision to apply for an MA Contract.

"Concern for social unrest" was also mentioned by close to half (47%) of the companies.

The influence of NAB and Coalition JOBS was most significant among larger employers, in both White and Blue Collar companies.

The following table summarizes the most frequently mentioned considerations influencing the decision to apply for an MA Contract, by type of program and company size:

MAJOR FACTORS INFLUENCING THE DECISION TO APPLY FOR AN MA CONTRACT

Type and size of firm (NYC employment)	Number of companies	Percent mentioning specified factors: Labor shortage	Social unrest	(NAB) direct contact	(NAB) indirec contact
All programs	92	55	47	37	21
White collar	66	53	47	35	20
Small (under 500)	17	41	35	18	12
Medium (500 to 2,499)	28	50	46	39	21
Large (2,500 or more)	21	67	57	42	24
Blue collar	26	62	46	42	23
Small (under 500)	15	73	40	20	27
Medium (500 to 2,499)	5	60	40	60	---
Large (2,500 or more)	6	33	67	83	33

Recruitment

New sources of recruits.—The MA Contract requires all participating companies to use the New York State Employment Service (NYSES) and the City's Manpower and Career Development Agency as their primary source of recruits for their MA training programs.

For many employers, especially those with White Collar jobs, this represents a shift from reliance on newspaper advertising, referral by other company employees, private employment agencies and recruitment through the schools.

Changes in hiring standards.—Although the company retains the right, under the MA Contract, to make the final selection of trainees from among those referred to it by the recruiting agencies, the JOBS program encourages employers to modify their hiring standards to "screen in" persons who had previously been "screened out" As a result, most employers stressed such factors as attitude, motivation and interests in choosing trainees and either eliminated or reduced their reliance on such criteria as experience, skill, education, test scores, and prior work history.

Several criteria were, however, maintained by a number of firms. Few companies eliminated or even reduced their reliance on physical examinations. To a great extent, this was a reflection of their desire to screen out drug-users, but was also due to Workmen's Compensation considerations.

"Language ability" was also retained by close to half (49%) of the White Collar firms and nearly one-third (31%) of the Blue Collar employers that had previously considered this factor important. Police records were still taken into account by nearly half (43%) of the White Collar employers, but were generally ignored for Blue Collar jobs. Most of those White Collar employers (primarily Banks and Department Stores) that retained this criterion said that they now examined each case individually, rather than applying a blanket rule against police records as they often had in the past.

Screening criteria	Number using prior to MA program	Percent reducing or eliminating—: All programs	White column	Blue column
Attitide, motivation, etc	83	45	45	44
Experience, skill	64	95	96	94
Work history	64	97	98	93
Education level	60	87	81	100
Police record	56	66	57	93
Language ability	54	55	51	69
Test scores	52	90	85	100
Physical exam	43	23	24	20

Note: Number of responses, 85; No response 7.

Employer selectivity.—The recruiting agencies make a preliminary selection of recruits for the MA programs, certifying their eligibility under the income and other criteria and assessing their interest in the jobs being offered, then refer them to the companies for interviews.

Almost half (46%) of the companies surveyed hired 80% to 100% of those referred to them. White Collar programs were more selective than were Blue Collar employers; 70% of the Blue Collar employers hired over 80% of the agencies' referrals, while only 37% of the White Collar companies hired this many. Even among White Collar companies, this generally represented a higher-than-usual acceptance rate. A few companies remained highly selective; five companies (4% of the total responses) hired less than 20% of the referrals sent to them.

SELECTIVITY AMONG REFERRALS

PERCENT OF PROGRAMS HIRING SPECIFIED PERCENT OF TRAINEES

Percent of referrals hired	All programs	White collar	Blue collar
Under 20	4	5	0
20 to 39	19	22	13
40 to 59	14	19	0
60 to 79	17	17	17
80 to 100	46	37	70
Total	100	100	100
Total responses	81	58	23

Characteristics of trainees

An extensive analysis of trainee characteristics, attitudes, and experiences is currently being conducted by consultants under contracts with the U.S. Dept. of Labor and the Office of Economic Opportunity. For this reason, and in order to avoid placing an excessive burden on those interviewed, Coalition JOBS limited the information requested about trainees to their sex, age, and ethnic characteristics, plus a brief description of how they differed from employees normally hired to fill similar jobs.

Sex, age, and ethnic group.—Slightly less than half (47%) of the trainees hired were men. In White Collar programs, the percentage of men (32%) was considerably lower than in Blue Collar programs (65%) with the exception of programs in Communications (61% Men) and Light Blue Collar industries (65% Women).

The majority (68%) of the trainees were less than 25 years old. This was true in all categories except Light Blue Collar (41% under 25).

Sixty-five percent (65%) of the trainees were Black, and 30% were Spanish-speaking, with White and other groups accounting for the remaining 5%. Spanish-speaking trainees were more likely to be in Blue Collar programs (37%), than in White Collar ones (25%), and were the majority (53%) in the Light Blue Collar category.

SEX, AGE, AND ETHNIC CHARACTERISTICS OF TRAINEES—BY TYPE OF PROGRAM

Program category	Total trainees hired	Percent— Women	Under 25	Black	Spanish	White or other
All programs	7,369	53	68	65	30	5
White collar	4,185	68	75	70	25	5
Banking	1,655	68	65	71	24	5
Insurance	535	86	73	70	27	3
Retail	1,381	65	78	[illegible]	25	7
Communications	244	39	86	[illegible]	33	0
Miscellaneous clerical	370	47	81	74	21	5
Blue collar	3,184	35	61	58	37	5
Transportation/public utilities	1,223	23	76	71	24	5
"Heavy" blue collar	356		77	75	23	5
"Light" blue collar	1,360	65	41	43	53	4
Services	245	6	71	63	31	6

Other characteristics of trainees

Program Directors were asked to describe briefly any significant differences between trainees and employees normally hired to fill jobs similar to those covered by the MA Contract.

It was expected that most trainees, all of whom were certified as "disadvantaged" by either the New York State Employment Service or the Manpower and Career Development Agency, would differ from employees hired prior to the MA program.

White-collar programs.—Less education was the difference mentioned most often in White Collar programs. Differences in attitudes, especially a lack of self-confidence or motivation, were also noted frequently. A lack of experience and skills, lower reading or math levels, lower test scores, less stable employment records and more personal problems than regular employees were also mentioned in White Collar programs.

Four White Collar programs (all retail firms) noted little or no difference between MA trainees, and employees were hired through regular procedures.

Blue-Collar programs.—In *Blue Collar* programs, differences in attitude, lower educational level, lack of experience or skills and poor employment records were mentioned about equally. Seven of the Blue Collar programs (primarily in the "Light" category) noted no significant differences between trainees and those they ordinarily hire for similar jobs.

The fact that 11 programs noted no significant differences between trainees and regular employees does not mean that their trainees were less disadvantaged than those in other programs. For the most part, these programs were in companies whose regular work force is drawn from the disadvantaged population.

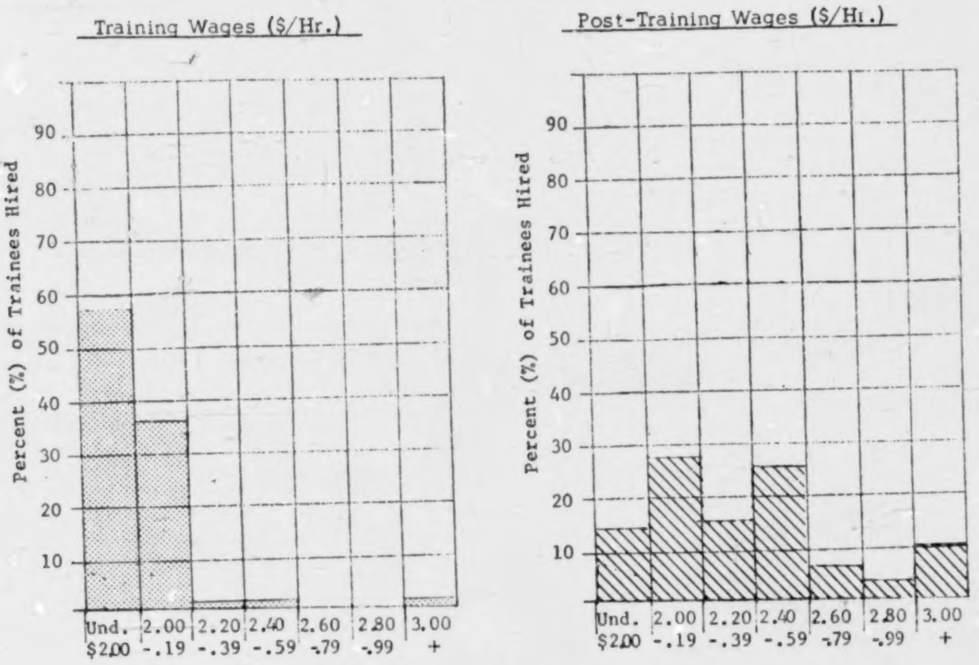
CHARACTERISTICS OF PROGRAMS

Wages during and after training

Over 90% of the trainees were paid less than $2.20/hr. at the beginning of their training programs, with $1.95 the median training wage.

By the end of their training programs, one in five trainees could look forward to earning $2.60/hr. or more, two in five to jobs paying from $2.20 to $2.59, while 27% would be earning between $2.00 and $2.19. One in seven (14%) of the trainees were in jobs that paid less than $2.00/hr., even after training.

TRAINING and POST-TRAINING WAGES
ALL PROGRAMS (7,369 Trainees)


Training Wages ($/Hr.)

Post-Training Wages ($/Hr.)

Wages and trainee characteristics

In general, the lower the post-training wage level, the higher the proportion of Spanish-speaking and of Women trainees. As a result, in the programs with average post-training wages of \$2.40/hr. or more, only 22% of the jobs were held by Spanish-speaking trainees and 41% by Women.

PERCENT SPANISH-SPEAKING AND PERCENT WOMEN TRAINEES—BY POST-TRAINEE WAGE

Post-training wage (dollars per hour)	Number of trainees	Percent Spanish-speaking			Percent women		
		All programs	White collar	Blue collar	All programs	White collar	Blue collar
\$2.40 or more	3,233	22	20	24	41	66	16
Under \$2.40	4,136	36	28	50	63	65	59

A number of factors may have contributed to this pattern of employment.

The best paying jobs were maintenance positions with the Airlines and a variety of "Heavy" Blue Collar jobs which were unsuitable for women because of the heavy work involved. The relatively low proportion of Puerto Ricans in these programs may have been due to language requirements, but their distance from large Puerto Rican neighborhoods may also have been a factor.

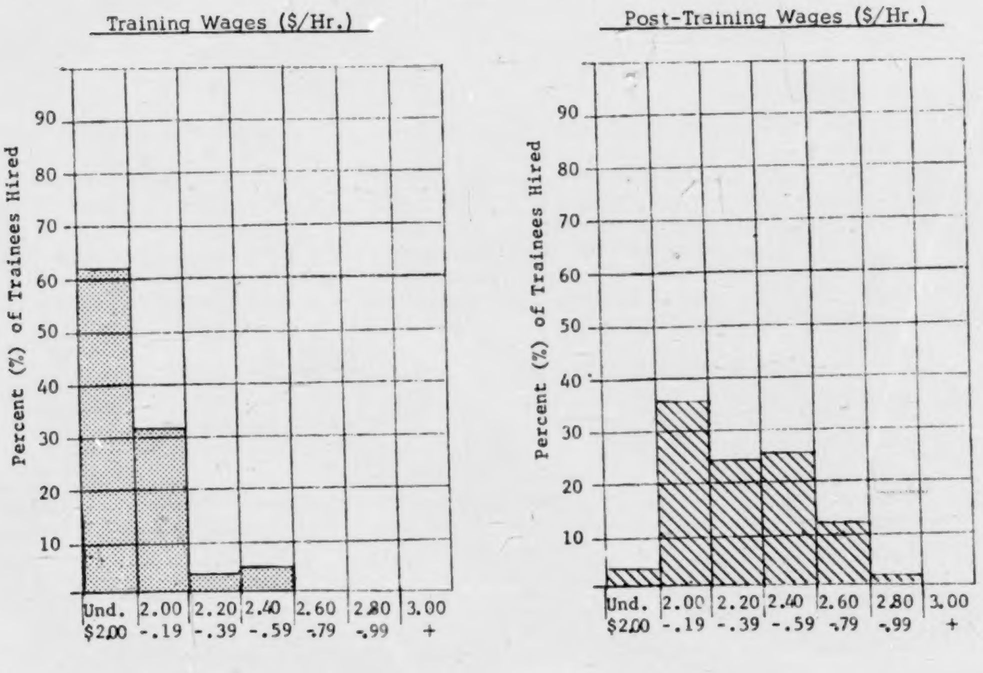
On the other hand, the lowest paying jobs were for assemblers, inspectors, etc. in light manufacturing companies, which are ordinarily filled by Black and Puerto Rican women.

White collar programs

The majority of the lower-wage White Collar jobs (those with post-training wages of \$2.19 and below) were in Retail programs. Retail wages increased, on the average, \$.15/hr., while trainees in Banking, Insurance and other White Collar programs earned, on the average, \$.45/hr. more by the end of their training programs.

The post-training wage for White Collar trainees (other than Retail) averaged \$2.45/hr.

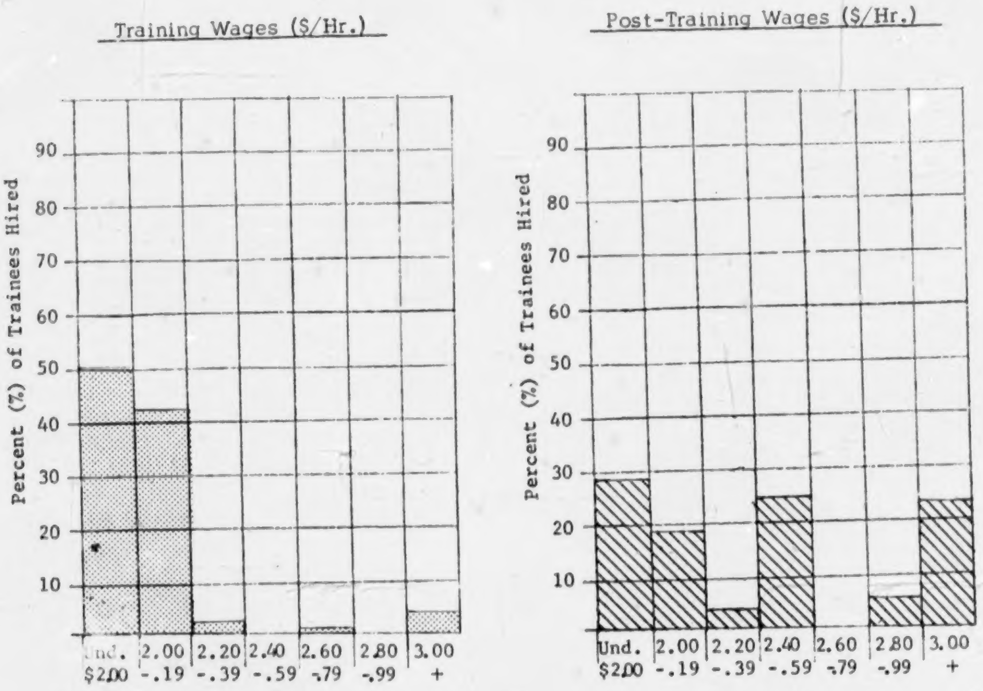
TRAINING and POST-TRAINING WAGES
WHITE COLLAR PROGRAMS (4,185 Trainees)



BLUE COLLAR PROGRAMS

In general, the lower the training wage for Blue Collar jobs, the smaller the wage increase received after training. The result is a three-peaked pattern with Utilities Air Transportation, and "Heavy" Blue Collar jobs making up the moderate and high wage categories, while "Light" Blue Collar programs contributed most of the low wage (below $2.00/hr.) jobs.

TRAINING and POST-TRAINING WAGES
BLUE COLLAR PROGRAMS (3,184 Trainees)



Length of training

Programs varied greatly in the length of time the recruit was considered a "trainee."

Thirty-two (32) of the programs surveyed lasted from 10 months to one year; 24 of them ran from 4 to 9 months, and 20 were for 3 months or less. Sixteen (16) programs were of variable or unspecified duration.

There was not a very strong relationship between post-training wages and length of training, although 13 of the 20 short-term programs were for jobs paying less than $2.20/hr. after training. Almost as many (12) of the lower-wage programs lasted from 10 to 12 months.

LENGTH OF TRAINING PROGRAMS BY AVERAGE POST-TRAINING WAGE

Hourly wage after training (dollars per hour)	Total	Number of programs lasting— 1 to 3 months	4 to 9 months	10 to 12 months	Variable or unspecified length
All programs	92	20	24	32	16
Below $2.20	38	13	6	12	7
$2.20 to $2.59	29	3	10	10	6
$2.60 or more	25	4	8	10	3

Major program components

Only On-the-Job Training (OJT) and Special Counselling are required of all MA Contract training programs. However, in designing a well-balanced training program, Coalition JOBS stresses the importance of Pre-vocational Skills Training and Remedial Basic Education to help prepare trainees for advancement beyond entry-level jobs.

Coalition JOBS' survey found that the majority of the programs included, in addition to the two required components, one or more of the "optional" ones. In most cases, these were on a regularly scheduled basis and were required of all trainees.

However, some programs included Skills Training, Basic Education, Counselling, and even On-the-Job Training on an "as needed" or voluntary basis. A few of those surveyed noted some reluctance on the part of supervisors to release trainees from their job duties for special sessions, which cut down on trainee participation in the voluntary aspects of these programs.

In addition, in a small but significant number of companies, the person interviewed knew very little about individual program components and referred the interviewer to the Supportive Service or Consortium Director for details.

MAJOR PROGRAM COMPONENTS

	Programs including specified components			Programs with component regularly scheduled and required		
	All programs	White collar	Blue collar	All programs	White collar	Blue collar
Program component (percent):						
On-the-job training	98	98	96	80	82	75
Special counseling	89	76	96	53	55	50
Remedial basic education	84	83	84	68	69	67
Prevocational skills training	70	67	76	44	41	50
Total number responding	80	55	25	75	51	24
Not responding	(12)	(11)	(1)	(17)	(15)	(2)

Program staff

In staffing their training programs, MA Contract companies have their choice of using their own employees (regular staff or those hired specifically for the MA training program) or the staff of a central Consortium or Supportive Service Subcontractor.

On-the-Job Training was always conducted by the companies' own employees, but over half of the programs relied on "outside" assistance in carrying out most of the other major program components. Basic Education and Skills training were the components most often conducted by non-company trainers. Special Counselling was done by outsiders in just over half (51%) of the programs and, while slightly less than half of the programs used outside staff for Supervisory Sensitivity Training, many of the others relied heavily on standard curriculum materials developed by professional Sensitivity Training firms.

USE OF NONCOMPANY STAFF FOR MAJOR PROGRAM COMPONENTS

Component	Number of programs with specified components	Percent using all programs	"Outside" white collar	Staff blue collar (percent)
Orientation	73	57	62	45
On-the-job training	78			
Counseling	71	51	55	42
Basic education	67	72	78	57
Skills training	56	64	76	42
Supervisor sensitivity training	57	47	53	37
Total responses	80			
No response	12			

PROBLEMS ENCOUNTERED

The Program Directors were asked to identify the problems they had encountered in carrying out the MA program, and to specify which of these had caused serious inconvenience, or had involved a significant proportion of trainees.

The most frequently mentioned problems were lateness and absenteeism among trainees. However, only about one in five (22%) of the companies said that absenteeism involved a significant number of trainees and only one in ten labeled lateness as "serious." Several companies noted that these were also problems among regular employees.

Aside from problems involving trainee work-habits, a "lack of experience with, or knowledge about problems of disadvantaged workers" was cited most often (35%). "Lengthy delay between application for, and approval of contracts" was mentioned by 28% of the companies (mostly White Collar) but less than one-third of those who experienced this problem considered it a serious difficulty.

PROBLEMS ENCOUNTERED IN CARRYING OUT THE TRAINING PROGRAMS

Problems encountered	Percent of companies experiencing problems listed			Percent labeling it "serious" (all pro-programs)
	All programs	White collar	Blue collar	
Trainee absenteeism	86	88	81	22
Trainee lateness	71	74	62	12
Company's lack of experience	35	43	15	9
Lengthy delay	28	30	23	8
Slower learning than expected	25	30	12	1
Funding ceiling too low	23	20	31	4
Costs exceeded original estimates	22	18	31	1
Regular employee resentment	22	20	27	2
Inadequate guidelines from D.O.L.	16	17	15	2
Difficulty with MA contract manual	13	14	12	2
Difficulty with reporting or reimbursement	13	11	19	3

In addition to the problems listed above, six of those interviewed mentioned drugs, and five noted a lack of child care facilities for their trainees. Transportation problems were noted only by Airlines whose jobs were located at Kennedy Airport, and by a few outlying Manufacturing and Retail locations.

A few program directors voiced dissatisfaction with the quality of the services provided by subcontractors or consortia. They noted a lack of an experienced professional staff, absenteeism, lateness, and excessive turnover among teachers, and inadequate orientation of trainees. A lack of communication among consortium participants was also mentioned several times.

Coalition JOBS also interviewed nine directors of MA training consortia. The problem they were most concerned about was a lack of understanding of, or commitment to the goals of the program on the part of some individual companies. Sometimes this resulted in failure on the part of the company to hire trainees for all the training positions pledged to the consortium when the original agreement was signed. At times, the consortia also encountered a reluctance on the part of the firms to release trainees for classroom instruction or special counselling.

Dropouts and dismissals

Turnover rates in MA training programs will be dealt with more fully in a later report. This section will confine itself to a brief analysis of trainee terminations due to trainees leaving or being dismissed from the programs.[1]

At the time of the survey, 28% of the trainees hired under MA Contract programs surveyed had left their jobs and 18% had been dismissed. Two-thirds (67%) of the firms indicated, however, that MA trainee turnover rates were as good as or better than those of regular employees hired for similar jobs.

Dropouts

Dissatisfaction with wages or working conditions, difficulty with supervisors, transportation problems, poor health, pregnancy, the opportunity to take a better job or to return to school, and a variety of other reasons may lead an employee to "drop out" of a job or a training program. Since Coalition JOBS did not interview any of the trainees or "dropouts" themselves, the reasons for trainees leaving the programs must be inferred in general terms from the information provided by the program directors.

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[1] Termination here refers to the percentage of trainees whose employment by the firm had ended by the time of the survey. This should not be confused with *turnover rates*, which are usually compared on a yearly or monthly basis.

Slightly over half of the "dropouts" (15% of all trainees hired) had left their jobs for reasons unknown to the program directors. Another five percent (5%) of those hired had left for a better job, to return to school, or for military service. The remaining dropouts (8% of all those hired) left for various personal reasons (health, pregnancy, family responsibilities, etc.)

Dismissals

"Lateness and absenteeism" was the reason given for close to four out of every five dismissals (14% of trainees hired). "Various personal reasons" (including drugs, arrests, etc.) brought about the dismissal of 3% of those hired, while all other reasons (theft, inability to do the job, etc.) led to the dismissal of only 1% of the trainees.

REASONS FOR TRAINEE TERMINATIONS

	Percent of trainees		
	All programs	White collar	Blue collar
Number of trainees hired	7,369	4,185	3,184
Percent leaving program	28	24	34
Reasons unknown	15	11	21
Better job, school, military service	5	4	7
Personal reasons	8	9	6
Percent dismissed	18	21	13
Lateness, absenteeism	14	17	10
Personal reasons	3	3	2
Other	1	1	1

SUGGESTIONS AND RECOMMENDATIONS OF PROGRAM DIRECTORS

The Program Directors were given the opportunity to offer suggestions and recommendations on ways to modify the MA Contract procedures, to improve the recruitment process, and to reduce turnover among trainees. They were also asked what assistance from Coalition JOBS would be most helpful to them.

Modification in MA contract procedures

The most frequently requested modifications in MA Contract procedures were: (a) Simplify and speed the application process; (b) Simplify and speed the reimbursement procedure, and (c) Allow more flexibility in the definition of job titles, in the arrangement of program components, in the use of funds, and in recruitment. Other suggestions were: Assign to each company a single contact person at the Department of Labor; Clarify terminology of the MA Contract Manual; Require more sensitivity training; Provide advance "seed-money" for consortia; Require a closer relationship and more communication between individual firms in consortia; Have the Department of Labor reveal the formula which determines the maximum amount of funds allowable to a program; and, Devise a funding formula based on actual program costs instead of on job titles and wage rates.

A number of these suggestions have already been incorporated in MA-5 and JOBS 1970 contract procedures.

Recruitment

The most common request in regard to *recruitment* was to improve the testing, screening, and orientation process of the two recruitment agencies, with emphasis on identifying the applicant's real interest in the job being offered. Also suggested were: More flexibility in the use of other recruitment sources, especially direct company recruitment in poverty neighborhoods and referrals by other trainees; Faster, more automatic certification of trainees who are known to be eligible for the program; A closer relationship between agency counsellors and the firm, with counsellors visiting the firm, if possible, to find out more about the training program; More publicity about the programs.

Reducing turnover

Most of the recommendations offered as ways to reduce turnover among trainees dealt with the need for special counselling of trainees, coupled with an emphasis on the need for supervisors to understand thoroughly the special problems that many trainees faced. In some cases, this was amplified by the suggestions that a "buddy system" or a close one-to-one relationship between supervisor and trainees be encouraged.

Several firms recommended that financial incentives for good attendance habits be built into training programs. Others stressed the need for a thorough explanation of the reasons for company rules and their "fair but firm" application to trainees and regular employees alike.

A few firms reported good results from weekly or daily group sessions where trainees are able to deal openly with both personal and job-related problems. They report that trainees are frequently better equipped to help each other solve these problems than are their offiical counselors, who often lack experience with the special problems of poverty neighborhoods

Other recommendations dealt with: The need for top management to provide leadership by defining clearly its commitment to the goals of the program; The need for a meaningful job and upward mobility within the firm; and the development of career goals among trainees.

ASSISTANCE REQUESTED FROM COALITION JOBS

Services requested from Coalition JOBS were:

Type of assistance	*Number requesting*
Periodic problem-solving meetings with other MA Contract employers and trainees	56
Workshops for supervisors	43
Workshops for middle-management	32
Assistance in any future program planning	29
Assistance with recruitment	25
Assistance in any future proposal writing	19
Assistance in choosing supportive service firms	18
A "Buddy System" training program	15
Assistance with reporting procedures	9

All of these services are now being offered to MA Contract firms by Coalition JOBS' permanent staff, and those services most in demand are being expanded.

Also requested were: A central "clearinghouse" of information about training materials and facilities; A service that would provide "in depth" counseling for trainees with psychological or emotional problems; Periodic publication of technical assistance bulletins for those MA Contract holders that are not able to participate in workshops.

Mr. WILSON. Mr. Chairman, honorable members of the committee, my name is Robert J. Wilson. I am a businessman, presently chairman of the board of Universal Airlines, Inc., and now serve as executive vice president for administration and secretary-treasurer of the National Alliance of Businessmen here in Washington. I have held this position with NAB for the past 10 months.

With me today is Mr. Gerard Peterson, on loan from Aetna Life & Casualty, Inc., to serve as NAB executive vice president for operations. Also present is Mr. Roy Siemiller, former president of the International Association of Machinists, AFL–CIO, and presently the NAB vice president for labor liaison, and Mr. Joseph Cunningham, our counsel, formerly NAB vice president for government relations on loan from the DuPont Co.

The National Alliance of Businessmen appreciates this opportunity to testify before this committee as to its progress to date in finding meaningful employment for the disadvantaged members of our society. While the Alliance, as a bipartisan, nonprofit organization does not, as a matter of policy, take a position on legislation, we believe this exposition of the efforts and progress of the NAB program in the 2 years since we began our work should help place our role in perspective, vis-a-vis, other manpower programs and proposals.

We have submitted a detailed statement on the activities and progress of the JOBS program, including the methods of operation of our offices in 125 metropolitan areas; the changes in business attitudes that have taken place as a result of our efforts; and the cumulative results of the program.

I will summarize this statement, recognizing that you may wish to return to some of the points which I will of necessity omit.

The objectives of the National Alliance of Businessman are straightforward. Pursuant to a mandate from President Johnson in 1968, renewed by President Nixon in 1969, we work in partnership with government to locate the disadvantaged and to find them employment in the private sector. The difference between this program and others is that the employer must hire the disadvantaged worker first before any training begins. On-the-job training and other support services follow the new hire's immediate entry to the employer's work force. As soon as their probationary period is completed, the trainees in most cases receive the valuable right of seniority, like every other new employee.

That is one of the most valuable rights that comes to a new hire, whether it is union or nonunion. In most companies the seniority policy is followed and in times of layoff he always has the right to be recalled in order of seniority, which is happening at the present time.

Business assumes the normal costs of training. In some cases, business looks to the Government for reimbursement of extraordinary costs associated with employing the disadvantaged. Either through a JOBS contract, or on a voluntary basis, we ask business to provide the extra services needed by many of these new workers, such as job orientation, counselling, transportation, health care, and basic and job-related education. We also attempt, through meetings, speeches, publicity, advertising, workshops and other methods, to eliminate barriers at supervisory and other management levels to the hiring and promotion of unskilled and disadvantaged employees.

Business executives are recruited to serve on NAB's board of directors, to staff its Washington national office, its regional offices, and to serve voluntarily, on loan from their companies, as the nucleus of the 131 metro offices now in operation in 125 metropolitan areas. At the request of the administration and Members of the Congress we are currently expanding the program to cover the entire country. We are expanding our existing offices and expect to establish another 69 metro offices in the current year—again staffed by volunteer executives on loan from their companies.

NAB's objectives and methods are simply stated. But carrying out our mandate, as the business community has learned, is extremely complex, demanding, sometimes frustrating, and ultimately satisfying.

NAB has viewed, and continues to view, its mission as primarily oriented to changing traditional business hiring practices. In this area of manpower training, success is an elusive quality. We believe, however, that we have been largely responsible for the development, over the last 2 years, of new and liberalized industry hiring techniques. I refer to the case studies cited in our complete statement. I also refer to the attached exhibits showing the range of efforts undertaken by NAB metros to encourage employers to adopt new hiring and personnel methods and to assist disadvantaged employees in solving work-related problems.

I should point out that in every community there are many groups—public and private, formal or informal, large or small—that are addressing the problems of poverty. It is not our intent to supplant or obstruct any of these local organizations. It is our role to bring people and jobs together, and we expect our metros to work constructively with all other community manpower efforts.

Although we believe that numbers are secondary to our major function of altering industry hiring practices and attitudes, our goals are established and we report our success in terms of numbers. President Johnson set target goals at the time he established the program. President Nixon has expanded these goals. These goals give us a target to work toward, and we believe President Johnson and President Nixon acted wisely in establishing them.

However, collecting statistics from more than 20,000 employers has limitations. The majority of employers in the program participate voluntarily—that is, without Government reimbursement. As a result, our figures probably reflect neither all of the hires in the program nor all of the terminations. We believe that they are nonetheless a fair indication of the progress of the program.

Our latest figures, as of March 31, show cumulative hires of 432,797.

Mr. O'Hara. Would you give me those figures again?

Mr. Wilson. Our latest figures are as of March 31 and they show cumulative hires, which means persons who have been hired by the employers, of 432,797.

Of these, 209,066 are still at work with their original employers. An additional 19,285 completed at least 6 months of training before leaving their original employers. Six months is more than enough to establish the work record to qualify as an experienced worker and to change jobs successfully. We have, nonetheless, excluded these workers, as well as others who have moved directly to other jobs, school, or the military, in calculating our retention rate of 48 percent.

Although reporting under JOBS contracts is more complete, a problem has arisen in the manner used to calculate retention rates in this part of the program. Until very recently, the Department of Labor requested only that the employer report whether a worker hired under the contract program was or was not still in training. As a result, workers who had completed training and been assimilated into the employer's work force were counted as "terminated," along with other employees who had dropped out of the program or had been terminated for some other reason. Recent changes in data reporting should help greatly to correct this imprecision.

As I mentioned earlier, the majority of employers participating in the program do so without Government assistance, and at their own expense. Over 70 percent of the workers hired have received training at no cost to the Government. In these cases the requirements for formal reporting and for Government certification of a new hire's eligibility for the JOBS program do not exist.

We should point out, however, that many noncontract employers have specifically requested that their JOBS hires be certified by the State Employment Service or CEP before referral. A large sampling of hire cards indicates that approximately 26 percent of noncontract hires are so certified for eligibility.

The information we have been able to gather on contract and noncontract hires shows that the characteristics of trainees hired under the voluntary part of the program are virtually the same as those hired under the contract program. We believe they show that we are reaching the target population defined for us under the Government definitions of poverty. We also find that the characteristics of jobs offered do not differ greatly between contract and noncontract hires and the majority are for good jobs, at reasonable wages, with valuable training work experience, and an opportunity to progress.

I would like to close by briefly citing for you some of the actions we are currently taking to strengthen our program.

First, the program is not nearly as large as we believe it should be—or as we hope it will become. Although nearly 25,000 employers have pledged to hire the disadvantaged under our program, many others have yet to make an initial pledge.

The majority of these have not yet been contacted by our volunteer pledge solicitors. We are countering the current slowdown in some areas of the economy by moving into the many industries somewhat insulated from short-term economic fluctuations. We hope our continuing efforts, our current nationwide expansion, and the support of State, local and national government will permit us to greatly increase the number of participating companies.

Through negotiation with the Labor Department we were able to complete what was called a Job 1970 contract, which was a contract in simpler form and easily understood and also to negotiate a consortium agreement, so that we can meet the requirements of the small businessmen.

Necessarily at the beginning of this program we went after the large employers and principally because they were easier to get at and they had large numbers.

Now we are going after the smaller employers. I don't think most people realize, but approximately 70 percent of all businesses in the United States are employers of 250 or less. Some of the things that we feel in this current situation also, where the smaller employer plays a part, we are going after what we call the "service industries."

For example, I am sure you have all had the experience in connection with bumping up a fender. I know I bumped up a fender and it took me 6 weeks, and I had to make a date the same as I do with my dentist to get my car fixed.

It is true of all kinds of mechanics, appliances, and everything else. So that there are thousands and thousands of meaningful jobs that can be gotten through these smaller employers where we can place these disadvantaged people in good, meaningful jobs.

I am talking about meaningful jobs that are high paying. There is nothing to stop one of these disadvantaged youngsters coming up who learns how to fix a fender and how to bump it out and how to fix appliances in these various service organizations throughout the country that are desperate for help. So we are shifting along toward the services, while at the same time keeping after the larger employers.

Second, although NAB does not negotiate JOBS contracts for employers nor monitor their performance, we are informed by the Department of Labor that employer performance under contract has in some instances been unsatisfactory. Such nonperformance of contracted services should, of course, be exposed and corrected. We believe the Department of Labor is increasing its monitoring activities to see that such defects are controlled and corrected.

We, of course, feel that selected examples of disappointing JOBS contract performance are not reflective of the overall good work being done nationwide by thousands of NAB companies, contract and noncontract.

Last, our retention rate—even though it does not count workers who moved successfully to other employment—can be better. We are not satisfied with the argument that our success in hiring and retaining the "hard-core" compares favorably to nationwide retention for all new hires.

More attention must be given by employers to the special problems hard-core trainees bring with them to the office or factory. Supervisors must be convinced that their record will in part be judged by how well they assist disadvantaged men and women to hold their own in a new, often strange work environment.

Our expanded program of supervisory training workshops should help develop this awareness. We must continue to develop meaningful jobs with true opportunity for advancement. Although the emphasis of our job pledge solicitors has from the beginning of the program been on good jobs at good salaries—and the great majority of the jobs offered have been in this category—we expect the continuing emphasis on better jobs to further improve retention rates.

In conclusion, let me say that we are optimistic about the future of the alliance. The record so far, we believe, is a good one. The vast employment resources of the private sector have been mobilized as never before to solve one of the most pressing problems of our society. NAB is proud of the business community's response, and its willingness to accept and accelerate change. The number of disadvantaged workers in jobs is a part, but only a part, of the total accomplishment.

I should like to point out that business has hired more than 300,000 disadvantaged workers under the JOBS program without Government financial assistance. The value of the training these workers have received can be conservatively estimated at over $200 million. In addition, more than 2,000 executives have been loaned by their companies to work full-time on behalf of the JOBS program for periods extending up to 1 year. A conservative estimate of their salaries would be over $10 million.

Providing jobs for the hard-core unemployed will not by itself end poverty. In fact, none of us know yet whether this vitally important experiment will ultimately succeed; whether enough jobs can be found for, and held by, the persistently unemployed. But everyone knows that the attempt must be made, and made with great energy. Although employment is only a part of the answer, it is an indispensable part.

The conscience of this country can no longer tolerate a situation in which hundreds of thousands of Americans are unable, for whatever reason, to live with dignity and self-respect as the rewards of their own labors.

The National Alliance of Businessmen was created a little more than 2 years ago. It began its work immediately, believing that the need was pressing and that there was no time to sit around and try to draw up a 100-percent perfect program before beginning the task.

We have learned by trial and error. Some problems we have overcome; many problems and difficulties remain. But as long as the administration and the Congress believe that ours is a valuable effort, I know the American business community will continue to strongly support the alliance and its work.

Mr. O'HARA. Thank you very much, Mr. Wilson.

Mr. Esch, do you have any questions?

Mr. ESCH. Yes; I do. Thank you very much, Mr. Chairman.

Mr. Wilson, we are very pleased to have you and your group here this morning. I assume NAB is a bipartisan effort? It was started under a previous administration and it is being carried forward with this administration, so I am sure both sides up here can be as analytical as possible in discussing the problems and also the advantages of this program.

I would like to raise just two or three questions.

First of all, I am concerned about how difficult it is to keep business support and industrial support today for the program under the current economic slowdown.

Mr. WILSON. I think, Congressman Esch, I can answer that by saying that I believe that we still have in the business community the realization of social obligations to continue this. I think we still have a great deal of momentum and I think we will carry on without any difficulty.

I think that the business community will continue to respond to the need.

Mr. ESCH. In spite of their own current problems?

Mr. WILSON. That's right, because they realize this is a temporary situation and they also realize there are other places where, as I mentioned in the service industries, we can use our best efforts.

Also indication from the reports that we are getting in is that our jobs are holding up pretty well.

Mr. ESCH. You mentioned that about 70 percent of the employers in this country employ 250 persons or less. What effort is being made to attract more of the small businessmen into this activity. I notice that there was some problem especially in the first year where it was looked upon as big business, big industrial activity. What is being done by your organization to involve the total community?

Mr. WILSON. Last year we saw the need for a simplified contract that could be easily understood. We worked with the Department of Labor to accomplish what we call the Job '70 contract—a type of contract that the small businessman can understand and one he can enter into without any difficulty.

We also went about negotiating consortium agreements so trade associations could act as agent for the small employer where they have one, two, or three employees and they want to get under the program.

They can do it through a consortium program which has been taken on by the Chamber of Commerce and others which ultimately will play quite an important part.

We have entered into a program specifically directed at that problem and we have been very, very successful. We are moving into it pretty fast. We just finished those contracts in December and it took time to train the people in the Labor Department, to train our people and to get underway with what we call "campaign for the small job."

Let me say that I feel we are making a lot of headway in it and it really is being received quite enthusiastically. There are going to be some difficulties with it.

Mr. ESCH. This gets into another question. I think your figure was approximately 20 percent of the businesses involved do not receive any Government support. In other words, they do it on a voluntary basis.

I am always concerned in terms of a strict budgetary problem. Would it be possible for us to put NAB and JOBS out without any Labor Department support or without any Government support at all?

Mr. WILSON. It is not 20 percent, but 70 percent of businesses that have furnished their own expenses.

Mr. ESCH. Totally?

Mr. WILSON. Seventy percent up to this time. The reasons are two: One, they felt it was their own social obligation, they are willing to take it on and they have the means of doing it, and also they did not want to be perhaps subjected to redtape of governmental action in regard to it. For that reason, the larger corporations as a whole were inclined to pay their own expenses.

Since that time and since we have gone toward the smaller employer, the smaller employer does not have the facilities. He does not have the capital or the training facilities to do this. I think it is going to be necessary to have funds, Labor Department funds, if we are going to continue the program and if we are going to be able to handle these employers that we are going after now.

Mr. ESCH. What you are suggesting for the coordinating and training functions is outside funds for the smaller employers which don't have the counseling, training, and personnel within their own employee group, is that right?

Mr. WILSON. When this first started out with President Johnson, it was intended that all would be contract, but in selling it we found out most companies preferred not to. But now with the smaller companies we feel it is a necessity as far as the program is concerned. If we are going to hit smaller employers, we have to have the means to give them what was called the extraordinary expenses of transportation and remedial reading and all of these things that you have now.

Mr. ESCH. You indicated that you had about 48-percent retention rate. Have you done studies to determine what happened to the other 52 percent?

Mr. WILSON. We have not been able to find out what happened to them yet, but at the present time we are working through the social security number. That is about the only way you can follow them.

In the larger companies we found that they refused to treat disadvantaged any differently from any other employee. He is taken in, joins a union and his folder is just the same as anybody else. They are just meshed.

They refuse to do otherwise. They are meshed into the whole employee picture. So the only way we can follow it is through the social security number to see what happened to these individuals. They all have social securities, so we think before long we will be able to determine that.

Mr. **Esch.** I can appreciate the problems you have. I am interested in the 48-percent figure. I think we are dealing with a different group than we dealt with in the Job Corps situation where that number is down to close to 20 percent. I hope your group is concerned with the fact that it is still only 48 percent.

Do you have any programs of evaluation? Are you doing anything about trying to get the 48-percent level increased?

Mr. **Wilson.** We are trying to get better reporting from all employers. At the present time, as long as there is still a voluntary type of program, it is going to be difficult to get everybody to report, but we are on a campaign to get the reporting beefed up so we will have better reporting and know exactly what is happening to them.

I think we will be successful because I think the employers realize it is a necessity and it is what the Government wants and so everybody else will know what we are doing.

Mr. **Burton.** I would like to welcome our old friend, Roy Siemiller. It is good to have him here on somewhat less controversial matters, which has been our more recent experience with him.

Mr. Chairman, has there been any testimony on the cost per trainee on the average or per company that is participating in this program? Has anybody asked that question?

Mr. **Wilson.** No; they have not.

Mr. **Burton.** Do you have any data on what either the total cost for this program has been in any given year or what your assessment of the average cost per trainee has been and how you allocate the amount of public as distinguished from the costs absorbed by the private industry for this training?

Mr. **Wilson.** The Labor Department has some figures in regard to the contract employers which I understand averaged around $2,400 at the present time for these extraordinary expenses.

As far as the noncontract employers are concerned, we have not tried to study that for the simple reason that in General Motors, for example, they have a huge program with their facilities and to try to ascertain how much it costs or the Bell Telephone Co. or Alcoa or some of the other ones, we have not tried to assess.

They have been carrying out their programs and they have been doing a good job of it from what we can ascertain. From good business principles, if you take someone on, you want him to be a good employee or you are not going to spend the money on him.

Mr. **Burton.** Is there any difference in the funding between contract and noncontracting?

Mr. **Wilson.** The funding is for the contract where they actually enter into a contract with the Government, but on the noncontract there is no funding at all, because the companies carry it themselves.

Mr. **Burton.** Have you had any difficulty for either contract or noncontract employers with reference to your relationship with the unions with whom you have collective bargaining agreements?

Mr. WILSON. We have had very fine cooperation from the AFL–CIO and 70 other groups. As I said prior to your coming in, Congressman Burton, one of the reasons is that our friend Roy Seimiller has been a great deal of help in carrying on this program.

If we have a difficulty, say, like in Milwaukee, Detroit, or anyplace, Roy usually goes out and sits down with the local people and we don't have any trouble with them.

Mr. BURTON. Does he sit down with them or on them?

Mr. WILSON. I said previously having sat across the table from Mr. Siemiller in both pleasant and unpleasant circumstances, I can understand what you are asking me.

Mr. O'HARA. Mr. Scherle?

Mr. SCHERLE. Were the figures you gave Mr. Burton for the trainee who has completed his training?

Mr. WILSON. The figures I gave were actually the number hired and the number who are still what we call on board.

Mr. SCHERLE. That was the figure per person trained for the job rather than the enrollee.

Mr. WILSON. You are talking about the money. From the standpoint of the money, it is my understanding and this is from what I have seen in every Labor Department statistic, it is $2,400 now for what we term the extraordinary expenses in connection with the training such as transportation and health problems, such as eyes, reading, and supervisor's work and all of the extraordinary expenses that the Government will pay in the case of contract employers.

Mr. SCHERLE. That $2,400 is per enrollee rather than a per personage?

Mr. WILSON. That is how I understand it. I would defer to the Labor Department, because I am not sure of the figures.

Mr. SCHERLE. If you have the figures for cost per person trained and per enrollee, you might find a disparity in the figures.

Mr. WILSON. We have not gone into the figures to a great extent. I might be out of my bailiwick, so, I might be in a position to support the figures I gave.

Mr. SCHERLE. If you have a high mortality rate and you figure costs at $2,400 per enrollee and they last only 2 or 3 or 4 weeks, that expense would have to be assessed against the person completing the training and I would suggest the cost would be a great deal higher.

Mr. WILSON. In some negotiations we had with the Labor Department, I was convinced any company that enters into this program will bear at least 25 percent of the cost anyway because under the JOB 1970 program we don't feel there is complete reimbursement for the employee who is trained.

Even if you put him on and don't completely train him, the buildup costs and all of the problems you have in putting a person for 2 or 3 weeks is considerable. I think you are getting me into figures that I should not really be speaking about, because I don't know.

Mr. SCHERLE. Mr. Wilson, I believe someone asked a moment ago about the retrenchment as far as the Nation's economy is concerned. I have noticed that Chrysler Corp. has dropped some of its programs.

This naturally will create a great deal of concern to those who have been enrolled in that program. Whether or not they have been able to complete their training I don't know, but because of retrenchment procedures couldn't this be quite devastating as far as a program is concerned?

Mr. WILSON. One of the things in most cases we feel when these youngsters between 16 and 22 get into jobs and really start working, as I pointed out before you came in, they get seniority numbers and one of the things they can look forward to, after they have passed their probationary period and they begin and get their seniority number and are members of the union, so as soon as the recall comes, they have the valubale right of recall which everybody looks forward to.

As far as some advantages are concerned, take for example Ford Motor Co. They started in this program right at the beginning, because Henry Ford was the original Chairman appointed by President Johnson and the Ford Motor Co. got it immediately.

Most of these have seniority to the extent that they are not laid off, so it works all over. They are meeting what happens in life generally. They go along in the mainstream and that seniority number, don't forget, is worth an awful lot to them.

Mr. SCHERLE. I read somewhere because of the financial situation confronting Chrysler at this time, they have asked that their Government manpower programs be temporarily suspended until they are able to retrench and figure out exactly the number of programs and personnel they are going to need.

Are you aware of that?

Mr. WILSON. I don't think I am in a position to really know what Chrysler is doing.

Mr. SCHERLE. What I was hunting for primarily was if we institute these jobs and these opportunities for the young people, it could be a little depressing for them to find out that because of economic adjustments that they suddenly find themselves in the same position they had prior to their employment.

Mr. WILSON. I think that is true. They had a contract, as I recall, with the Labor Department and that is something they notice between the Labor Department and themselves, but what it is I don't know, because that is not our job.

Our job is to go out and place these people and find jobs for them.

Let me again point out that the way it works overall, it is just the same as a union employee.

Mr. SCHERLE. I am well aware of that.

Mr. Wilson, I followed your statement as far as successes were concerned. Now, how about the failures of JOBS?

Mr. WILSON. I think in a program of this size, I would be the last one to sit here and say that there are not some deficiencies in it.

Mr. SCHERLE. What I am asking for are some of the deficiencies of the program that you have not outlined.

Mr. WILSON. One of the deficiencies I can see in it that I named is the recordkeeping.

Mr. SCHERLE. Recordkeeping is a primary deficiency?

Mr. WILSON. That is as far as I can determine and what we will say. I wouldn't say we are standing here beating our breast and say it is all good. I can't say that. This program started out with 50 cities and in less than 9 months we have increased to an additional 78 cities.

Mr. Scherle. Would you mind telling me how recordkeeping can create this type of deficiency that would be a depressing effect on the JOBS program?

Mr. Wilson. I don't think it is a depressing effect. It is just a question of numbers again. The only reason we have numbers is because President Johnson gave us a goal.

Mr. Scherle. You mentioned a moment ago when we talked about success or failure that recordkeeping was a business deficiency.

Mr. Wilson. If we had better recordkeeping, we would not have the trouble of arguing about how many have been hired and have not been hired.

Mr. Scherle. If you don't know this, how do you establish any criteria for determining how good or bad the program is?

Mr. Wilson. We think that our recordkeeping is sufficient that it is reasonable. We do it on the basis that we have a voluntary force and for the most part we get pretty good cooperation with the employers, but when 70 percent of the program is on a volunteer basis, we have to solicit and ask them to furnish these figures to us.

We can't force them to. In the contract end of it, they do report because that is in connection with the contract, but with us we are perfecting it because business is now coming through and saying this is a necessity because people want to know these numbers. But when you start getting into numbers, you can go endlessly, but we feel we are getting to sufficient reporting.

Mr. Scherle. Are you talking about the participants in the program or the employers?

Mr. Wilson. I am talking about the employers.

Mr. Scherle. If the employer is under contract and part of this program is being funded, does he have to keep records?

Mr. Wilson. He keeps records. I am talking about the overall program and 70 percent of it is volunteer.

Mr. Esch. If the gentleman will yield, it is my understanding that about 70 percent of it involves employers on a voluntary basis and the program has expanded so rapidly in this area that you really have not found ways of reporting back.

Mr. Wilson. We think that the reporting we have is reasonable. I can go into how we report it. It goes through the computer. We have what we call pledge cards, which puts it in the computer.

Mr. Esch. But the accuracy of the figures depends on the volunteer reporting system.

Mr. Wilson. That is correct.

Mr. Esch. Where you have a labor contract with an employer, then those figures would tend to be more accurate than the volunteer ones, is that correct?

Mr. Wilson. That is correct.

Mr. Esch. Thank you.

Mr. Scherle. Can you see any particular problem for the Government in trying to alleviate the precision that young people are being confronted with today?

Mr. Wilson. I don't think I follow you. Would you state that question again?

Mr. Scherle. Is there a main problem that we as Congress are doing that you would find criticism with in manpower?

Mr. WILSON. Let me say from past history, starting with the Department of Labor under the Johnson administration and also going into the present administration, I can only say from what I have seen and what I have experienced myself that we have had very fine cooperation from Government.

Mr. SCHERLE. Do you find any criticism between trying to establish working conditions in both the public sector and the private sector?

Mr. WILSON. I don't find any.

Mr. SCHERLE. We have had a great deal of testimony from various people who say we should become more involved in creating jobs and training in the public sector.

Mr. WILSON. This is just a personal opinion because it is not our job to make comment as far as legislation. As far as we are concerned, I believe if we can't do it in the private sector, then you probably have to do something about the public sector.

I think our obligation is to do the best we can to furnish as many jobs as we can in business and if not, then some other program would come into the picture.

Mr. SCHERLE. Have you found any conflicts between the jobs being handled by the public sector and those handled by the private sector by their duplication?

Mr. WILSON. Not that I know of.

Mr. SCHERLE. What do you think of the CEP, concentrated employment program?

Mr. WILSON. Again, I go back to saying our principal work is to get jobs.

Mr. SCHERLE. Do you find the concentrated employment program competing with JOBS under NAB?

Mr. WILSON. In some places they are better and in other places our offers are better. As the experience goes on, we are working with CEP.

Mr. SCHERLE. Are you very disappointed as far as the concentrated employment programs are concerned?

Mr. WILSON. We use CEP only as a source of talent. Some times they can get at the people of the hard core that we cannot reach and in other places it is done through State employment agencies or in any place where we can, we use them but I can't say how good or how bad it is.

Mr. SCHERLE. I will save the rest of my questions for someone else.

Thank you, Mr. Chairman.

Mr. O'HARA. Mr. Gaydos?

Mr. GAYDOS. I did not have an opportunity to read the entire statement, so I have no questions.

Mr. O'HARA. Mr. Pucinski?

Mr. PUCINSKI. Thank you, Mr. Chairman.

I am not a member of this subcommittee, but I appreciate the chairman's courtesy. This is a subject that lies close to my heart. My subcommittee has had under consideration for some time the extension of the vocational programs so we have some information and opinions on the JOBS program and the National Alliance of Businessmen and how it fits into this program.

In going through your statement, I notice that you voice your disclaimer about the numbers game and then you don't give us very many statistics to work with in evaluating the success of this program. But you point out that you have as of March 31, 1970, 1,303 JOBS contracts outstanding covering 51,433 job slots.

How many of those job slots are filled?

Mr. WILSON. We will have to get that for you. I do not have the answer.

Mr. PUCINSKI. You don't know?

Mr. WILSON. I will have to get it for you because I do not know offhand.

Mr. PUCINSKI. I do not want to seem discourteous, but that would seem to be fundamental.

Mr. WILSON. That would be a Labor Department statistic.

Mr. PUCINSKI. You are chairman of this program, are you not?

Mr. WILSON. I am executive vice president and secretary-treasurer of it. It is a pretty vast and complex program, so I don't have everything right at my fingertips.

Mr. PUCINSKI. It seems to me it is almost fundamental when your distinguished group comes before a committee that we ought to know at this point in time how many of those 51,433 job slots are actually filled by bodies in the program.

Mr. WILSON. The contracts are between the Labor Department and the employers. All NAB's function is to put them together and to get the jobs.

Mr. PUCINSKI. But you don't know how many of these are actually filled.

You say in your statement on page 15 that the Department of Labor has committed since July 1, 1969, $128 million under the JOBS program. Just a simple arithmetic would indicate if you did indeed have all 51,000 of these jobs filled, you would be spending somewhere in the vicinity of $2,500 per job to recruit, train and employ.

Mr. WILSON. I think that is correct.

Mr. PUCINSKI. If those 51,433 jobs are not filled, then that ratio becomes substantially different, does it not?

Mr. WILSON. I would think probably you are right.

Mr. PUCINSKI. How would you think the committee can draw any conclusions?

Mr. WILSON. A conclusion as to what?

Mr. PUCINSKI. On the cost per individual?

Mr. WILSON. I started out by saying that 70 percent at the present time is done voluntarily by business. We tried to arrive at a cost and the figures the Department of Labor have given us in analyzing the contract costs is somewhere around $2,400. I can't dispute or say whether that is a correct figure or not, because the contract is between the individual employer and the Labor Department.

I would say from listening that $2,400 wouldn't do it in most cases. As far as the JOB 1970 contract is concerned, it provides for this extraordinary expense, and the amounts allowed under the JOB 1970 contract is deficient and will not pay for the extraordinary costs involved because it is not a simple matter to put a youngster of this kind in a job. It is not simple.

Mr. PUCINSKI. I think that is demonstrated by your other figure here that 50 percent of your recruits are dropouts from the program.

Mr. WILSON. Again getting to our main purpose, it is to get the jobs and we got the contractor and the Labor Department to administer.

I could also say it cost zero. I think everybody has forgotten one of the things about this is in this 70 percent is 200,000 or more of these jobs and the extraordinary costs and all of the expenses in connection with them in our opinion is well over $200 million borne by the industry without asking the Government for anything.

Mr. PUCINSKI. How has the present slowdown in the job market—I believe the figures for April are 4.4, and I believe by the end of May they are going to be 5 percent unemployed. How has that affected your recruitment program in terms of placing people in jobs?

Mr. WILSON. We have shifted, as I said I think prior to your coming in, we shifted our sales to the smaller employer and into the service end where there is still a great need such as your fender man and your mechanic and your retail people and all of these things, jobs which are meaningful service jobs, and we are shifting into that.

As a whole, it is holding up very well from the reports we get from our employers.

Mr. PUCINSKI. I have been told by authoritative sources in the Labor Department that the Labor Department now has $100 million available for the JOBS program, which it will not be able to spend this year simply because there are not the jobs to be filled.

Are you aware of that figure?

Mr. WILSON. We didn't set the figure and I think one of the reasons perhaps, as I stated previously, was that originally when this program started out, it was expected that all of this would be contract and all of these extraordinary expenses would be paid by the Government. But many employers did not want to get mixed up with what they felt were Government funds for social obligations, for the big ones, and they felt they didn't want to get mixed up with Government redtape and bureaucracy. Therefore, instead of expending that amount of money, business absorbed what was set out, so you have a certain amount left over.

Mr. PUCINSKI. Are you saying there is a $100 million surplus?

Mr. WILSON. I don't know what the figure is. We did not set the figure. I do not know what the figure is.

Mr. PUCINSKI. But you do know there is a surplus.

Mr. WILSON. I would say there is probably some surplus. One of the things that interested me and really it has bothered me, that it almost seems to be a sin if you do a program and it is a good program and you don't spend the money.

Mr. PUCINSKI. On the contrary, I would think that would be great. What I am trying to find out is if indeed we have a JOBS program and we have a National Alliance of Businessmen and we have the funds to place these people, and if you do not have the jobs to place them because of the slowdown, then perhaps we have to start looking around for other ways of utilizing this unused manpower.

That is the only part I am trying to find out. I am asking you how many of the 453,000 job slots are filled and you are unable to tell me. That would be an indicator to me of the degree of effectiveness we are reaching if we had some figure.

The only figure I have to work with now is your figure on page 26 that you hired 432,000 trainees, but you terminated 223,000, which is roughly 50 percent. If our retention record is only 50 percent, I am not prepared to say it is a very good program. You might want to contradict that.

Mr. BURTON. That is like one person looking at a glass half filled with water and saying it is half filled and the other guy saying it is half empty. I think we have to put this in context.

Mr. PUCINSKI. My colleague should know the basis for this question. For a long time we have had a statement coming from the business sector that if you would just give us the job, we can do it.

The National Alliance of Businessmen has been recruiting people for entry skills and that is all. You recruit the hardcore unemployed, give them a screwdriver and tell them how to put a screw into a socket and wonder why he dropped out in 3 days. He dropped out in 3 days because he has a dead end job.

There is a great deal more to restructuring a human being for the world of work and it goes much deeper. I am wondering whether or not this program should not be phased into a stronger vocational education program where we can get people into the world of work and make them stay there for the rest of their lives instead of the hit-and-miss one-shot operation approach which the NAB is using.

There is nothing in your statement that would indicate the degree of success or failure of the program.

Mr. WILSON. I disagree with you very seriously when you say, taking the very bottom of the disadvantaged that we are trying to put on, that 50 percent is not a good retention rate. I think it is terrific. The turnover in that particular category compares favorably to industry generally at the present time.

Mr. PUCINSKI. I respect your judgment.

Mr. WILSON. We don't come here beating our breasts, saying how good it is. We say it has certain deficiencies, but we also say it is real good.

Now, if it is not good, I would say the first thing a businessman ought to say if this program is not good, then we ought to stop spinning our wheels and stop spending the money and do the job.

Mr. PUCINSKI. That is why I am here this morning. We have before this committee proposals to restructure the manpower training program and this is the time to find out if existing programs are working. I believe that the cooperative work-study program, the various other programs that we have on the books which go deeper into preparing a human being for the world of work in the long range are much more lasting and effective than this approach, and that is what I am trying to find out from the witness.

If I am wrong, I would be the first to admit it. But I cannot find out from your statement whether this program within its present context is a successful program.

Mr. WILSON. Perhaps I have not made myself understood. We think it is a very successful program. We think on the basis of the one thing: you can train until the cows come home, but if you don't have a job after you complete your training, you do not have very much.

You have jobs either in the private sector or in business and business has to furnish the jobs. We recognize our responsibilities in connection with this and I think a 50-percent retention rate and 70 percent of the cost being borne by business is a very, very great contribution.

I think it is real good. But I also say if we have been wasting our time with rather dedicated men—I have been in this position for 10 months—and I have seen some dedicated men in this program who are trying. Everything is not going to be perfect in a complex situation like this, but if you are asking me if it is good, I will say it is real good.

Mr. Pucinski. The test will come when you give us the figures. As I understand it, right now you have 1,303 JOBS contracts for 51,433 job slots. I would like to know at your earliest convenience how many of these job slots are now filled.

Mr. Wilson. The only one who is able to answer that is the Secretary of Labor.

Mr. Pucinski. Why can't you?

Mr. Wilson. I can answer as to what the business sector has done. You are talking about contract. We are talking about the noncontractor. All we do is put the Government and the employer together and say to business, here is a JOB, and he enters into a contract with the Government and the Labor Department has these figures.

Mr. Pucinski. I hope the gentleman from the Labor Department will give us those figures.

Mr. O'Hara. Mr. Wilson, I wish to commend the NAB and the persons associated with it for their efforts in this field. I think they have gone above and beyond the call of duty and I think they have been doing the best they can.

However, in this partnership that you have with the Department of Labor, I think your partner has been letting you down and I want to get into that a little bit. I think you have been doing fine, but I don't think your partner has been doing his part so I want to talk to your partner.

You said cumulatively 432,797 people had been hired under this program, and you said over 70 percent hired are noncontract. Of that 432,000, do you have those figures broken down? What number are contract and what number are noncontract?

If you are looking into that breakdown, I would like it for each of the three figures you gave me, the cumulative figure, the still-working figure, the at least 6-month figure, and then if you have a breakdown for the contract and noncontract retention rates.

Perhaps while your associate works that out, we could go on to another subject.

Mr. Wilson. I will defer to Mr. Cunningham.

Mr. Cunningham. We are a little awkward here, because we don't keep specific figures for the contract. We keep general figures. We have what you might call an unsophisticated figure-keeping mechanism.

The Department tells us in answer to some of the questions raised earlier, as well as your own, that they have spent about $69 million in this fiscal year, if I recall it correctly, which I think is in the neighborhood of about 35,000 or 40,000 trainees.

The point that was raised as to whether this was enrollment dollars or completed training dollars. I think it is important to remember under the JOBS program with a fixed unit cost type of contract, when the training begins the payments begin and when the training stops the payments stop, so the dollars spent are actually on training. They are not spent in every case on completion of training.

If you have training for 10 weeks, if you have a dropout in the first 2 or 3 weeks or if you have it for 10 months and you have a dropout in 2 or 3 months, the dollar figure starts, so we don't claim every trainee completes training under the program. But we do say no money is spent on anything but the individual while in training.

The total cost spent is $69 million of that which is committed, which is 25 or 30 this fiscal year, is actually money spent on people while in the program.

Mr. O'Hara. I still would like to know and perhaps you could work this out while Mr. Wilson and I discuss other points, of the JOBS figure, 432,000 cumulative persons hired under the program, how many were contract?

Mr. Cunningham. About 30 percent.

Mr. O'Hara. Yo do not have the extact figure there?

Mr. Cunningham. We can supply it, but it is approximately 30 percent.

Mr. O'Hara. Does that ratio hold through your 209,000 working and so forth, which is approximately 70–30 all the way through?

Mr. Cunningham. That's right.

Mr. O'Hara. We talked about the recordkeeping. As I understand it, there is no auditing or recordkeeping really. You just call up some of the cooperative employers and ask how many people?

Mr. Wilson. We have quite an elaborate system to try to do it through a computer. We take what they call a pledge card and that sets it up. Every employer who signs up sends in a pledge card. That puts him in the computer.

Then on a monthly basis in the past we have what we call a tally card, and the tally card that we have is the type that goes into the computer and we ask them to report on a monthly basis the number of people hired, the number of people retained and the number of people who are still on board.

We get those reports. Because of the fact that it is voluntary in nature, we have to keep plugging and pushing them to give the figures, so we can't get an absolute figure. But we feel we have a reasonable figure by these tally cards that are sent in.

We are now working on a program to try to impress upon them how important it is to get it in so they will have a complete record.

In some cases, it may be overstated and in some cases it may be understated as far as hires are concerned, because of the fact that some don't report at all. Some of the big ones report on a 6-month basis and give it all at once, but we do have a sophisticated system.

The difficulty with it is the lack of ability because of the voluntary part to force it. As far as the contract, you can get the figures from the Labor Department. They keep those.

Mr. O'Hara. What do you ask these employers to do either under the contract or under the noncontract situation? Do you ask them to hire people they don't need or what do you ask them?

Mr. Wilson. We don't pressure them. We say this is the program and we send out solicitors who come from private business. They tell them about the program and what the purposes are and ask them if they will pledge to hire some and then hire them.

Mr. O'Hara. Are they under this program hiring people they don't need for their business?

Mr. Wilson. No. Really it has been quite satisfactory. Business profits by this because they are pleasantly surprised to find that many,

many of these youngsters, once they are oriented become very fine workmen.

Not only do you take them off the welfare rolls and all that thing, but you make a taxpayer out of them and some of them even keep out of prison.

Mr. O'HARA. The purpose is not to hire people they don't need, but to hire so-called hard-core unemployed instead of someone else?

Mr. WILSON. It is to give these kids a chance. They don't just put them on the payroll.

Mr. O'HARA. You told me they are not hiring any more?

Mr. WILSON. That is correct, and I think you are correct when you say it might be somebody else who would have these jobs if the hard-core unemployed were not hired.

Mr. STEIGER. Would it be possible for you to indicate to the committee what the criteria are for those who are eligible?

Mr. WILSON. It is included, Mr. Congressman, in the statement here.

Mr. STEIGER. I would like to supplement what Mr. O'Hara is asking in trying to determine whether or not in the figures that you have given us, you are counting only those that are within that definition in the 432,000 or are there some who on a noncontract basis do not fall within that definition?

Mr. WILSON. I would think perhaps there might be some, but as a whole there is a very definite definition of what it is. Do you want me to read the criteria?

Mr. STEIGER. I see it on page 3 of your testimony. I assume that is what you are referring to.

Mr. WILSON. Yes. In the Job 1970 contract, there is a very definite definition of what the criteria is. In my statement I tried to point out that we tried to follow that criteria. I can't say with a group that is noncontract with 100 percent assurance that I am correct, that all of them follow this criteria to the T, because we have no jurisdiction. But they understand the program and its purpose and, as far as we can determine, they are trying to follow it.

Also there is one other thing. As I mentioned in my statement, they get it through CEP and the State employment service and they tried to get certifications that they are hard-cores.

Mr. O'HARA. Then there is no contention that the 432,000 or the 209,000 or the 19,000 or any of these figures represent a net increase in the number of persons employed over what it would otherwise have been.

Mr. WILSON. I would think you are correct.

Mr. O'HARA. Do we have in your reporting system any way of telling whether or not the persons reported by them possess different characteristics, as described on page 3 of your statement, than they would have possessed had the program not been operative? In other words, do we know that this represents a net increase in the number of disadvantaged who would otherwise have been hired?

I have looked at a lot of the Labor Department contracts and I find that a number of them are with firms in businesses where their traditional source of labor has been among the least skilled, the least educated, and the least productive members of the work force.

Is there any way in your reporting system that you can tell how many of these 432,000 are people possessing these characteristics who are being hired and would not have been otherwise hired if your program had never come into existence?

Mr. WILSON. I don't think they are sophisticated enough to answer that.

Mr. O'HARA. In looking over some of these contracts, I find a number of them are, in effect, subsidizing the wages of employees of industries who traditionally have a high turnover, low-wage, low-skill, low-education work force, and all they have done is gone out and hired the same individuals they would have hired in the first place without any program, put them to work with about the same productivity as their noncontract employees and then they go ahead and have collected public funds for having done so.

I am particularly disturbed when I find, for instance, that we have people in the contract janitorial and maintenance field, the very ones who caused me to sponsor and get enacted the Service Contracts Act of 1965 because I found a lot of fly-by-night operators in that field who were cutting costs and getting contracts to do these services, and now I find since we enacted the Service Contracts Act that they are now coming in under the MA-3 and MA-4 contracts and getting subsidized by the Labor Department.

I am outraged. The gentleman from Iowa ought to be here to find out, among other things, the Labor Department is now paying for the training of chicken-pluckers. That is a subject the gentleman from Iowa expressed considerable interest in a couple of years ago when we had the Office of Economic Opportunity witnesses up here and it was alleged by him, but denied, I might add, that OEO was doing that very thing.

Here I find a contract under this program for that very subject. I will ask you about this one, because I think you have something to do with this particular subject.

I find that a lot of third parties are getting into this field—brokers as it were, fellows who will come into an employer and say—

> Look, I have a good proposition here for you. I am going to get you a contract to take 100 or 200 or whatever hard-core employed in here and I will provide the supportive services, the counselling, the recruitment, the training. All you have to do is put them to work just like any other employee. We will get a contract from the Labor Department and it will be for X dollars for this job, and I will take so much for what I am doing. I will take three-quarters of it, or whatever, for the training and counselling and you get the rest.

A number of employers are buying this. These contracts are being entered into, they are being funded, and then the contractor does not provide the services or provides only a few of them and walks away with a bundle of cash.

The employer finds he is not getting what he thought he was going to get and the Government isn't getting anything but the labor contractor is making out very well.

I am very disturbed by these labor contractor arrangements where the third party comes in. Have you looked into any of them or do you have any opinion on that?

Mr. WILSON. Yes, we have and we very much recognize that as a problem. With as large an operation as this is getting to be, covering the whole country, what we are trying to do with our people, including the Chamber of Commerce and trade associations and everybody who might get into this type of thing, we are trying to educate them and give them guidelines.

We are preparing guidelines now and we are also trying to keep track of those who are doing this, if they do it. I think you are bound to have some of them in a program of this size, Mr. Congressman, but we are doing everything we can to prevent it.

Mr. ESCH. If there is indeed misrepresentation and mismanagement of this type of program, I should think it essential that we control it carefully. When we begin to talk about the small employer, it is essential that we utilize outside consulting and training services as a means of coordination within communities or within specific industrial groups with a lot of small employers.

So I hope the chairman does not mean to imply that he would want to do away with all third parties from the standpoint of training and consulting. I would think that is the direction in which we need to go to involve more small employers.

If there is mismanagement, then I would certainly concur that we need to strengthen the control over them. But I would hope he would not imply, therefore, we should do away with those in the consulting and training business.

Mr. O'HARA. Mr. Wilson, we know some abuses have occurred and we will get into those in a moment. Just what steps are you taking?

Mr. WILSON. As Congressman Esch said, it is necessary with the smaller employers and also with the Chamber of Commerce where they become the consortium agent, that they have means through schools or through good training companies. There have been what we call the "flesh peddlers" where they have gotten, like, the Buffalo Chamber of Commerce ran into. We are doing the best we can to put down guidelines.

I think if you have guidelines, it would be worthwhile, because we cannot stop these people from soliciting. All we can do is to try the Chambers of Commerce and the trade associations which will act as a consortium. We are trying to give them the best guidance we know how to keep them from getting into the hands of what we call the "flesh peddlers."

Mr. O'HARA. I think more has to be done to keep them out of the hands of the "flesh peddlers."

Let me go into this. I understand, for example, in New York City, we have had a consortium created and an intermediary involving several companies, four companies in particular that the GAO has looked into, four companies participating in the program under a contract awarded by the Department of Labor to the Manpower Training Consortium, Inc., in New York City.

This is for $6 million, covering 1,900 training positions. It is supposed to provide a full range of supportive services and they give a cost summary, $1 million for orientation, $2 million for job-related basic education, and so forth and so on. But the four employers advised GAO that no formal program had been initiated by the contractor to provide the supportive services specified in the contract.

Orientation was not provided. All employers said orientation had not been provided in the employer's plant. All four said that there wasn't any basic education provided. Three of the four said their employees were not given time off from work to attend basic education courses, and so forth.

Let's get the comments of the employers. The president of one summed up his discussion by saying the positions available to job trainees in his plant were "the lowest type jobs you can get." And that providing supportive services such as basic education "would be ridiculous."

The president of another company said that the limited supportive services were doing some good, although he said he did not know "whether the Government was getting its money's worth."

Another vice president involved in this described the JOBS program as "a waste of time" and felt "the Government was not getting anything for the money."

Another vice president stated that providing basic education would "be a waste of effort at his plant because of the low-skilled jobs available to the trainees."

This is nothing the NAB has done. These employers have gone into this in good faith and the Labor Department through its loose contracting practices has let a fox into the hen house, and this is just one example. There are dozens of examples as well as examples of these other abuses.

For instance, I told you one of the problems was they were giving contracts to some sleazy operators in the maintenance and janitorial field, the very kind of people we tried to crack down on in the Service Contracts Act.

Let me tell you about one. To train janitors, the proposal submitted to the Government in this particular case said:

> It is anticipated trainees will not reach any degree of proficiency until the end of 32 weeks. From that point of training there will be a gradual increase in proficiency that should bring them up to our semiskilled employees in the field of training. We have high hopes of retaining these people as skilled employees and thereby increasing our productivity.

But so far under that contract, and the contract was entered into the Department, 321 workers have been hired and 297 of the 321 have been terminated and the Government has been charged $223,790 for that.

Mr. Pucinski. Would the gentleman yield?

Mr. O'Hara. I yield.

Mr. Pucinski. I think the gentleman makes a persuasive argument, but he has not seen anything until he sees how they dispose of the $220 million and how they dispose of it between now and July 1st.

Mr. Esch. I wonder if at this point in the record we could ask the Department of Labor for an examination and their report as to when this contract was entered into. I would ask for unanimous consent that that be placed at this point in the record.

Mr. O'Hara. I would like to leave that to the chairman of the committee. I am still simply the acting chairman. Without objection, the unanimous consent request will be agreed to on that particular item.

(The report follows:)

U.S. Department of Labor,
Office of the Secretary,
Washington, D.C., July 13, 1970.

Hon. Dominick V. Daniels,
Chairman, Select Subcommittee on Labor,
Committee on Education and Labor,
Washington, D.C.

Dear Mr. Chairman: This is in response to your inquiry of June 22, 1970, regarding a NAB/JOBS program contract with the B. B. Saxon Company of San Antonio, Texas. The JOBS program contract to which you refer was entered into on June 13, 1968, and expired on June 30, 1970. It was in the first series of

NAB/JOBS projects funded by the Labor Department. The total Federal expenditure for the project was $227,466.

This project did not have the benefit of the thorough reporting procedures now in effect. Administrative records at that time did not distinguish between employees terminated from the program after completion of training and those who terminated merely by dropping out. For this reason, it is very difficult to evaluate the significance of the turnover rate.

On May 10, we were informed by the staff in our Atlanta region that they had selected the B. B. Saxon Co. contract for audit as part of the Manpower Administration's expanded audit program. Bids are presently being submitted by public accounting firms to conduct the audit, and I expect it to be performed shortly.

If I can be of further assistance to you in this matter, please let me know.

Sincerely,

JAMES D. HODGSON,
Secretary of Labor.

Mr. WILSON. We sincerely feel the worst thing that can happen to us is to get into that type of operation. We don't want it as businessmen because it leads to nothing but a great deal of trouble and you have nothing when you get through.

But I also say from the GAO standpoint that a very superficial type of examination, there are thousands of cases of good training programs. I don't want to be judged by a preliminary, superficial document such as I saw placed in by GAO.

Mr. O'HARA. I don't think you ought to be judged by that and indeed I can't see that NAB has done anything but a great job in its part of it. It was not up to you to enter into the contract.

If it had been, I am sure you would not have entered into it, but it was entered into nevertheless.

Mr. WILSON. The last thing we want is that sort of a situation.

Mr. O'HARA. We are going to have the GAO here tomorrow and we will talk to them about some of these contracts. Then I think at the first opportunity, Mr. Esch, I think we should broaden our request and have the Department in to go over a range of these matters.

One of the reasons I am so disturbed is that a year or so ago Mr. Shultz came over and he told us that he was going to close up the Job Corps camps, but he said we didn't have to worry because he was going to place a lot more people in the JOBS program and that was going to take care of all of the program whe were released from Job Corps and a lot of other besides. He testified before the Senate in June of last year that about $200 million had been appropriated for the JOBS program in fiscal 1969. We have asked Congress for $189 million for Economic Opportunity Act funds for fiscal 1971, which together with $240 million of MDTA funds would provide the necessary money to finance 140,000 jobs.

Mr. Cunningham, so far this year, the actual Government-reimbursed contract training opportunities have amounted to $34,000?

Mr. CUNNINGHAM. $130 million.

Mr. O'HARA. He was talking about contract jobs and he talked about 134,000 actually being employed. He used a figure of $420 million for JOBS in fiscal 1970, but they have already revised their estimated expenditures down to $300 million from $420 million. That is their own revision.

It is very doubtful that this much is going to be used. The actual projection of funds to be spent during this fiscal years, as you suggested, is somewhere in the neighborhood of $59 million, isn't that right?

Mr. CUNNINGHAM. Committed funds, it is over $130 million, expenditures already spent by the Treasury is in the neighborhood of about $59 million, as I recall, but I think committed funds under this fiscal year's budget are well over $100 million.

Mr. O'HARA. If that were so, that would—he had estimated the expenditure rather than the commitment of $300 million, but even if you took the commitment figure, it is way under $300 million.

Mr. WILSON. Let me say, Mr. Chairman, in all fairness to the Department of Labor, we found that the MA–5 contract was so complicated that it was difficult to sell. We had to renegotiate the contract and so we renegotiated a simple form.

It is called the JOB 1970 contract, which is easily understood by the small businessmen. We also had to get a consortium agreement. We also had one thing we found through experience and that was the procedure had to be changed so it was easier to process these.

The smaller contractors just go bogged down with numbers and they could not be processed through the Department. So, we did get our people trained.

The Labor Department didn't get their people trained. They have been able to get the State people to work with them, so that overall we are now processing something like 8 million a week. It is coming through pretty steadily.

We really didn't get into this campaign to hit the smaller employer where the money is being used on the contract until sometime in February. We hoped we would get into it in the fall, but we found out the process of training the people to be able to handle it and the procedure in carrying it through just delayed the program.

That is one reason for not having the use of the money plus the fact of the freebies.

Mr. CUNNINGHAM. The Labor Department through their winged messenger service has given me the up-to-date figures on money spent. These are, as of February 28, 1970, the total number of contracts, 1,771. The total authorized job slots come to 105,000.

The present employees on board presently working are 36,000. The total hired under the contract are 90,000. Total terminations are 54,000.

Costs to date, $81 million. Contract obligations to date, money committed, $290 million.

They say that from the 28th of February to April 17 they have had an increase of 807 contracts and an increase of 19,000 additional job slots. I do think that it would be appropriate to have them come in since the conversation has gone to how the contract phase worked, of which the NAB is just an ancillary part of our major role.

Mr. O'HARA. There are 105,000 authorized job slots by the Department's own figure in which 36,000 are now working and 54,000 have been terminated for a total of 90,000. That is very interesting, especially since under your overall retention rate in the program, you testified, is 48 percent and the retention rate under the reimbursed contract arrangements that the Labor Department has entered into is a lot worse than that. It is about 30 percent.

So it must mean that in order to equal up, that your noncontract retention rate must be considerably better.

Mr. CUNNINGHAM. I don't think 30 percent is a valid figure.

Mr. O'Hara. Out of a total of 90,000, and I have to do a little arithmetic here, out of 90,000, 36,000 are now working; is that right?

Mr. Cunningham. That is right.

Mr. O'Hara. It is 40 percent exactly. So there is 40 percent, the overall rate for the program is 48 percent and that is an average of the two, contract and noncontract. If they are only making a 40-percent retention under contract, you must be doing better under noncontract.

Mr. Cunningham. Their termination figure tends to goof up the process. In fact, I believe they have changed that. They have taken terminated in the statement to mean people in the work force as well as a dropout. In other words, termination does not and should not be construed as failure.

Mr. O'Hara. I find it very difficult to believe, in a period of rising unemployment, that these people are being snatched up out of these job opportunities into better jobs and that is why they are leaving, if that 54,000 all left to get better jobs.

Mr. Cunningham. I did not mean they went into other jobs. They went into the employer's work force and they terminated training. It was not a termination of employment, but a termination of training, and that is why their figures are a little goofy.

Mr. O'Hara. I think if the Labor Department had anything to say about how many were permanently hired, they would not have left it fuzzy as to which part was terminated, because they went out of the program entirely and which part was terminated because they were hired in regular jobs.

Mr. Steiger. If the gentleman will yield, I am not sure that that is an accurate appraisal at all.

Mr. Esch. Will the chairman yield?

Mr. O'Hara. I would be happy to yield.

Mr. Esch. I think all of us are concerned, especially by this year, with the unemployment picture. The chairman implied that we only had active Labor Department programs in terms of training. We would want the record to indicate we have other programs, such as CEP and public service and all of the standard institutional training.

The figure, whether it be 34,000 or 54,000, does not include the total effort of the Labor Department in the training and placement program. I am sure you would want the record to so indicate.

Mr. Chairman, I think if we go up a level or two, we are talking about how do we make an impact on a group that has great mobility in the work force?

Apparently we have not reached that point in training and counseling. I think all of us are concerned about how to reach out to that other 52 percent and the degree to which we can analytically identify and delineate who those people are, why they are not retained. The future success of our manpower training will depend on training programs and will also determine the effectiveness or lack of effectiveness of the total new welfare program.

I think the chairman is identifying a major problem and it is one which I hope will be analyzed in a bipartisan manner, because it is a crucial one.

Mr. O'Hara. I assure you as far as I am concerned, it will be, but I want to suggest several things with respect to the JOBS program.

As Mr. Wilson and I have agreed, the figures do not represent a net increase in jobs or anything like it; that for the most part in any event they represent people who are hired instead of somebody else.

We don't know, as Mr. Wilson and I have agreed, how many of them would have been hired by those same employers in any event.

With respect to the Department's conduct of the contract provisions of this program, I would allege that to a very large extent and I think we will develop the evidence tomorrow and next week to substantiate this, to a very great extent the people who have been employed under Department contracts are the very same people who would have been employed without the program; that a significant perecntage of them have not been provided with the supportive services that they should have been provided with under the contract and training; that a large number of them have been trained for occupations for which no training is normally required, even of persons with an inadequate educational and skill background.

For instance, we find that the Department is violating the specific instructions of this Congress, specific instructions on three different occasions that they not use funds under these programs to train people for jobs that require very minimal training and are usually done by the employer himself without any governmental assistance.

For instance, we find them training sewing machine operators and on three different occasions this Congress has told them not to do that. We find them training in laundries and drycleaning, training for jobs that pay $1.30 an hour. We have specifically instructed the Department of Labor on several occasions not to train for such low-wage dead-end positions.

We find that there have been, in addition, abuses to this program by the gentlemen Mr. Wilson described as flesh peddlers, who have been permitted by lax auditing procedures by the Department to come in and take advantage of this program and not provide the services that should have been provided.

The reason I am so upset about this, Mr. Wilson, I think the businessmen who have been involved in this program, and there have been thousands of them who are among the leading citizens of nearly every community in this country. I think they deserve a better break than they have gotten from the Department in this matter and I intend to see to it that their contribution is given the proper credit and that the Department is made to straighten out its part in this great program that these dedicated citizens have engaged in, including yourself.

I think that NAB has made a great contribution, even though it can't really be measured because we don't have the right ways of measuring it, because they focused attention on this problem of the hard-core unemployed and the need to provide them with job opportunities.

They have gotten major, respectable employers involved in these programs and I think that is a very good thing, but I think we have to get the Department straightened out on this matter.

Mr. CUNNINGHAM. Mr. Chairman, could we get a rebuttal?

Mr. O'HARA. Surely, go ahead. Are you from the Department?

Mr. CUNNINGHAM. No, sir; we think NAB can be measured. We think our statement indicates that the measuring devices we use are approximate, but they are reflective and they do tell a fairly precise story. They are voluntary, so they are not 100 percent correct, but we think the figures are correct and, No. 2, we think the American business community has done things in the last 2 years that it would not have done, but for the NAB.

The people who defend the JOBS program, I think, on the merits are the Labor Department, but the Labor Department has tried and done a good job and the same people who have been there under the previous administrations are there today in large part, and I think they are working hard in trying to monitor the contracts

When they talk to you, I think they will tell you that the incidents of default on the contract is relatively rare. It is true there are the chicken plucker and we have a pizza parlor operator, but for every bad one on the noncontract side, we think we can give you 100 good ones.

The proportionate share of odd-ball type contracts, default, whatever you call them, are very rare compared to other contracts. We and the Department of Labor could be better, but it is not just a bumbling, stumbling businessman's effort which has been impinged on by the Department of Labor.

Mr. O'Hara. I have reference, as an example, to a very fine program, the IBM program. That is a tremendous program and they are losing money on it and they are doing it as a public service.

I think that is commendable. That is what I have tried to do, to separate that from the way the Department has opened the door to the sleazy, fly-by-night operators to come in and take advantage of this program. That is what I am after, not after the IBM's of this world, but after some of the quick-buck boys.

Mr. Cunningham. One last point, if I might, about the approximation the Labor Department has given us and we think it is true from the soundings we have taken with regional directors, executive directors, and so forth. They approximate about 70 percent of the cost an employer is reimbursed is the maximum. If you have a contract for x number of dollars, that only approximates 70 percent of what the employer spends on the trainee.

We think for every sleezy you have 100 "nonsleezy," to coin a new phrase, who are spending much more on the hard-core training than they do on the white collar worker with a high school education. By and large we think the money is well spent.

Mr. O'Hara. By and large I suppose you can say that of almost every program.

Mr. Cunningham. Let me say in 95 percent of the cases.

Mr. O'Hara. That is your guess and I don't know what my guess will be, but I will wait until we get the GAO in here and a few others. I will say one of the things that particularly disturb me about this is it is part of a pattern of deceptive claims that ought to have been banned by the truth-in-advertising legislation that the Labor Department has been making with respect to job training.

First, they abandoned the Job Corps camps. They said they were going to take care of all of those people with increased training opportunities under programs. They have not done it.

They said they were going to open up Mini-Job Corps centers which would be more efficient and train more people at less cost. They have only opened up five and three of them are old Job Corps camps and the costs in those five are higher than they have ever been.

There have been a number of exaggerated claims which have not been borne out in practice because this administration has been unwilling to commit the effort and the resources that they have to make those claims come true and that is what is disturbing the committee in the context in which I think we have to take up this matter.

Mr. Wilson. I hope, Mr. Congressman, in connection with this, because those of us who have been part of this program very deeply and very sincerely believe in the program. I think if we did not believe in the program, that we would stop spinning our wheels and the efforts of thousands of dedicated top men in this country, and I hope we will not get into a situation where we become a political football in connection with whatever happens, because whatever happens and whatever legislation comes out, business is willing to cooperate in trying to do this job because it is something that has to be done, and we will do the best we can.

But we don't want to get in the middle of a partisan byplay that causes us a lot of trouble as far as selling this program and having business throw up their hands and say, "What is the use," because we think it is good in spite of some deficiencies.

Mr. Steiger. If the chairman would yield——

Mr. O'Hara. I would be happy to yield to the gentleman from Wisconsin.

Mr. Steiger. I hope that that partisan wrangling which started this morning does not develop to the point where it does damage to the good job that is being done. I must say I am fascinated by the points that are being made by the distinguished gentleman from Michigan.

In the first place, I would only say I don't think one of the comments he made is factual at all in terms of the amount of dollars that are being committed by one administration versus another. The amount of money in fiscal 1971 is substantially higher than that obligated and spent in fiscal 1969, $401,419 versus $419,494.

That is a sizable sum of money in the manpower training field.

I might also say I am not at all sure that any information that has been developed by the Senate or is now being developed here in the House and to which GAO and the Labor Department testify is going to bear out the three comments that have been made about the question of the same people for little supportive services or that these are all jobs of low skill at the bottom of the ladder.

If I read the testimony of Mr. Wilson and those accompanying him correctly and if one looked at the 1,171 contracts, I except we would find there is a lot more going on in the NAB–JOBS program than the comments give credit for.

Thirdly, this is a program, NAB–JOBS, that was begun by the former President, Mr. Johnson, not by Mr. Nixon.

Mr. O'Hara. I might say to the gentleman that I had strong reservations about the program then, which I expressed at that time.

Mr. Steiger. I know you did, as did I, and I still have strong reservations. I am not defending Mr. Nixon or Mr. Johnson for that, but I suppose that means we can get out of title I–D of the Economic Opportunities grants made in January of 1969 before the last administration left office if we want to start bringing out some dirty laundry, whether it be in this administration or the previous administration.

I suspect it is there on a relatively evenhanded basis and frankly most of the people who are still in the Labor Department, I say regrettably, are those who were there before because the personnel has not changed. I wish they had, because I would feel a lot happier.

We just promoted some of the ones who have done some of the damage in the past. So I trust we will not carry this to the extreme, as Mr. Wilson has cautioned, of having the business community shy away from what it has begun in terms of a commitment to help the hardcore unemployed to find a job, difficult as that obviously is going to be.

Mr. O'Hara. I want to help, too, but I think we have to keep distinguishing between what the NAB has done and what the Department has done. With respect to that question, we find that NAB has indeed involved some 25,000 or more employers.

They have really done a job of educating the business community to what their responsibilities are and they have made a great contribution, but I don't think the contracts that have been entered into have been as good as they could be. Some have been good and some have not been.

I have never said all of the jobs were low-skilled, low-wage, dead-end jobs, but in the JOBS' own handbook it says 45 percent of the trainees have been hired into jobs that are under $2 an hour and some of them considerably under $2 an hour, so there is a heavy concentration, of course, in the low-paying jobs.

Mr. Steiger. If the chairman will yield one more time, I would only tell the gentleman from Michigan, as I sit here in wondrous awe of the feelings of the gentleman from Michigan regarding the Labor Department, you have just simply reinforced my very strong belief that your bill, in terms of centralizing all of the power for contracting in the Labor Department, is shot down.

Mr. Esch. I would even join my colleague in making that observation. That is one I was going to make.

I also would personally like to go on record favoring a job even at $2 an hour or slightly less rather than no job at all.

Mr. O'Hara. I am sure that is so, but that is not the context in which it came up. If you want to create jobs for the unemployed and not merely shift the unemployment around, then you ought to be for the job creation provisions of the legislation that 112 Members of the House introduced, which is one of the bills before us.

I am very strongly in favor of those and I hope you will be when the time comes. With respect to the competency of the Secretary of Labor to run a manpower program, I am perfectly willing that he be permitted to hand it all over to whoever he wants. I don't say he must run it himself, because I entertain the same doubts that you gentlemen do, but I do want to give him flexibility in determining who shall run it in each and every community.

Mr. Steiger. He has that now and you are complaining he is too flexible.

Mr. O'Hara. In any event, I thank you, Mr. Wilson, and I do hope you will understand there is abolutely no criticism in anything I have said about the role of NAB. In fact, NAB has played a constructive role and I am pleased they have and I thank you for coming before us.

Mr. WILSON. We want to thank you very much, Mr. Chairman, for letting us be heard.

Mr. O'HARA. I notice that Mr. Siemiller also has a prepared statement. Without objection, it will be placed in the record at this point.

(The statement follows:)

STATEMENT OF P. L. (ROY) SIEMILLER

Mr. Chairman: My name is P. L. (Roy) Siemiller. At the present time, I am working for the AFL-CIO in a liaison capacity with the National Alliance of Businessmen. Prior to accepting this assignment, I served as international president of the International Association of Machinists and Aerospace Workers for a four-year period. For 17 years prior to becoming international president, I served as a general vice president with responsibility for the I.A.M. in a 9-State area, with headquarters in Chicago, Illinois.

My purpose here today is to advise that the AFL-CIO approves of and is cooperating with the National Alliance of Businessmen in their mission of finding jobs for the hard-core unemployed and underemployed.

President Johnson, in his state of the union message in 1968, called upon the business community to assume the responsibility of finding useful employment for a substantial number of our citizens, sometimes referred to as the hard-core, who, then and even more so at this time, are having great difficulty in finding meaningful employment.

It is not my intention here to go into reasons for the existence of the hard-core or to even justify the efforts of the National Alliance of Businessmen in their handling of the mission assigned to them first by President Johnson and now by President Nixon.

It *is* my intention, however, to advise you that the American trade union movement is supporting and working with the National Alliance of Businessmen in its endeavor.

The AFL–CIO Executive Council, after reviewing the program of the National Alliance of Businessmen, endorsed the program and unanimously agreed to cooperate with it. Two of the principal reasons for the support of the AFL–CIO Executive Council are:

First, we considered it a meaningful program that would bring into the workforce unemployed people and also some people who had previously been considered unemployable. The program would bring these people into the workforce, make of them tax producers in place of tax eaters, and help in fulfilling the policy of the U.S. Government—as stated in the Truman administration—that of a full employment of the American workforce.

Further, we could bring these unemployed people into the workforce without reducing the standards or conditions of employment negotiated into the agreements between the trade union movement and the employers of America. It would provide these workers with the status of a regular employee; job security and conditions of employment guaranteed by the provisions of a collective bargaining agreement; identification with all the other new hires; and the same opportunity for advancement or upgrading accorded to the seniority they accrue over periods of time.

Secondly, the trade union movement felt that the business community was recognizing its responsibility to find jobs for citizens, who previously had been denied the opportunity of employment by changing the requirements for entry level jobs within industry and providing additional training for what deficiencies he or she may have. Let me give you an example of what I mean which should explain better than any other way that I can think of.

A few years ago, when Federal Judge, Otto Kerner, was Governor of Illinois, he appointed a broad-based committee of citizens of Illinois to make a study to find out what it would take to provide full employment for the workforce of Illinois. This committee was chaired by Frank Cassell of Inland Steel. Among others serving on the committee was the present Secretary of Labor, George Shultz, and a senior vice president of the Nation's largest airline whose general offices are in Chicago. I also served on the committee.

During the committee discussions, I was told by the senior vice president for industrial relations of this airline that it was the policy of the airline to only hire new employees who had finished high school as any employee hired should have educational ability to advance up the ladder to all of the positions in the airline's workforce. You can readily see that this policy would have automatically disfranchised practically all of those that we refer to as the hard-core.

This same airline today is participating in the program of the National Alliance of Businessmen. It has reduced its qualifications for new hires so that opportunities are being found for the hard-core. To the best of my knowledge, the program is proving successful but it does require additional training on the part of the company that would not have been made or not even been available just a short time ago.

This employer, the Nation's largest airline, can be multiplied many times over by other employers that are now voluntarily cooperating with the National Alliance of Businessmen and are participating in hiring the hard-core, who I don't think would have hired any had it not been for this commitment of the business community.

The American trade union movement does support this endeavor of the National Alliance of Businessmen and all other endeavors to find jobs, while protecting the provisions of collective bargaining agreements, that go towards fulfilling the stated policy of the United States—that of full employment.

In closing, allow me to thank you for the opportunity of presenting the position of the AFL–CIO, as expressed by its executive council.

Mr. O'Hara. I would now like to call Esther Peterson, a representative of the Amalgamated Clothing Workers of America, and an old friend of the committee.

Do you wish to testify or submit a statement?

STATEMENT OF ESTHER PETERSON, WASHINGTON REPRESENTATIVE, AMALGAMATED CLOTHING WORKERS OF AMERICA, AFL–CIO

Mrs. Peterson. I would be pleased to place my statement in the record, in view of the time and answer any questions you might have.

Mr. O'Hara. Without objection, we will place your statement in the record at this point.

(Statement follows:)

Statement of Mrs. Esther Peterson, Washington Representative, Amalgamated Clothing Workers of America, AFL–CIO

Mr. Chairman, members of the Committee, I am very pleased to be asked to come here this morning to talk to you about what I consider one of the most important matters before this Congress: comprehensive manpower legislation. My concern is directed particularly to manpower policy and program as it affects women workers.

At this moment in history, we, you, all of us, must attend to the sounds we hear around us; the sound of women, once again assessing themselves and their role in our society, and once again reaching for a fuller opportunity for self-development. The demands for equality and "liberation" of women that you must certainly hear, even in these soundproofed rooms, have a particular relevance to the talk you have before you. Women today are not asking for special favors. They are asking for equality. They are ready and willing to join with men to make social services equally available to all who need them. This is as true of manpower services as it is of other social services.

Perhaps the most significant change affecting the labor force in this country for the past ten or fifteen years is the increasing participation of women workers. In 1955, women made up only 30 percent of the labor force. This percentage has grown to 35 percent today, and will increase another two or three percentage points by 1980. We know that nine out of ten women will work sometime during their lives. Nearly half of the women in the population between the ages of 18 and 65 are now in the labor force, and the percentage is expected to continue to rise rapidly.

The increase in teenage marriages means that about half of today's women have their last child at about age 30, so that by the time her youngest child is in school, a mother may have 30 or 35 more years of active life before her. If the present temper of young women is a fair indication of the future, they will not be content to fill in those years dabbling in good works, or confined to second rate status in the job world.

A high proportion of women are employed in the early working years, then there is a marked decrease during the child-rearing years, followed by a progressive increase in each age category until age 55 or 60. The two periods when women are most likely to work are in the early twenties, and then again between 45 and 54. In April 1969, 56 percent of the women in the younger age group, and 54 percent of those in the older age group were in the labor force.

In view of these facts, what are we doing with our manpower policies to make the re-entry to the labor force for women productive, both for themselves and for our society. I suggest that it is very little. The re-entry problem is not an easy one. Thousands of women find themselves faced with barriers that they cannot easily overcome. As a result, we find that these older women are much more apt to accept low-skilled, low-paying jobs than their younger sisters. Since there is no place for the re-entrant to turn when she discovers that her education and skills need updating, she takes a job that offers little satisfaction and is below her skill potential. Since most women work for financial reasons, the option to delay going to work in order to improve her job preparation usually does not exist. The result is a waste of manpower.

Another major development affecting opportunities for women is the changing nature of the job market. According to a recent Labor Department study the number of jobs is expanding for women with technical, scientific, and clerical skills, but is declining for those who have limited training and are able to perform only routine or simple tasks. This development is due in part to the automation of standardized operations, in part to the mechanization of some jobs previously thought too hard or dangerous for women; and also to the overall shift in the economy from goods producing to service producing activities.

When we are told—as Leonard Lecht did in the course of these hearings—that "manpower bottlenecks in the next five or ten years could seriously frustrate the attainment of high priority national goals"—we must ask ourselves why we continue to let this reservoir of potentially productive manpower go unused. We know that by 1975 we will have to double the number of people who were working in the mid-sixties in fields related to health, education, social welfare, natural resources, urban renewal, etc. When it comes to environmental control, our manpower requirements are even larger. If we are to achieve our goals, we must utilize *all* of our manpower resources. Manpower policy should be aimed at full exploitation of those resources.

In the course of these hearings, the case for comprehensive manpower legislation has been made by many expert witnesses with convincing evidence and arguments. The general agreement on the need for comprehensive legislation in order to eliminate confusion, avoid duplication and bring order and sense to our manpower programs is clear. Although it is certainly necessary to institute a manpower system that makes possible sound administration, sensible planning, and effective operation, I hope that in the course of figuring out how all of these things are to be done, we do not pay so much attention to the structure of manpower programs that we overlook the substance.

Manpower is not merely a case study in federal-state-local relationships. It is a human program; a program which can make the difference to working men and women—or those who want to work and can't, between poverty and economic security, between full participation in the benefits of our society and alienation and dependency; between hope and despair. Some of the witnesses who have appeared before you have talked about the connection between manpower policy and economic policy; the relationship of manpower as a back-up measure to support fiscal and monetary policy. It is important that we recognize these relationships and develop manpower legislation that can be used in such fashion. But manpower programs, however well administered, cannot perform any of these functions if they do not reach the people who need them most in sufficient quantity to make a difference in those persons' lives

Today we are faced with a rising unemployment rate. Some call it an upcreep. I think that that is a good word, because it accurately conveys the relentlessly painful process which is being allowed to occur.

The upcreep hurts everyone, but it is particularly hard on those least employable, the poor and the disadvantaged, the people for whom our manpower programs have been designed. It also hits hard at those who traditionally are at the end of the employment queue: specifically minority groups, and women and girls.

According to the most recent reports of the Department of Labor, there are now almost four million unemployed; a million more than there were last year at this same time.

Manpower programs can take up the slack of a weak labor market and provide support for those not covered by unemployment insurance; primarily the disadvantaged. Let me say here—the recent action by the Congress improving significantly the unemployment insurance system is to be commended. It will relieve the manpower programs of some of the burden of providing assistance to the unemployed. The extension of coverage to agricultural workers, particularly migrant workers, is an important step forward. However, the decision of the Administration not to ask for federal benefit standards is unfortunate. I would hope that we do not have to wait two more years to recognize this mistake.

Although the Administration has said that it intends to use manpower programs to supplement the unemployment insurance program—this is not happening at the present time. Let me review briefly the present performance.

First, manpower programs have become progressively less available to women—a group which historically is extremely vulnerable to economic recessions. In the past two years, the proportion of the adult poverty population which is female remained the same; 61 percent. But the percentage of women participating in manpower programs dropped from 43 percent in 1968 to 40 percent last year. There is no indication that anything is being done to improve this situation.

Second, manpower programs seem unable to operate at more than a sixty percent capacity. Leaving out the summer Neighborhood Youth Corps program for which slots are of course not presently available, the 1970 manpower program was budgeted to provide approximately 715,000 training opportunities. By the end of January, there were only 627,000 people using these opportunities. Almost 300,000 training and work experience slots, at an average cost of $2,000 each, were unfilled. Either we are offering the wrong programs, or they are being poorly administered. With the concentration that this administration has given to problems of administration and management, I think that it is much more likely to be the former than the latter.

And finally, not only are the manpower programs being offered to the disadvantaged unsuited to present economic conditions, but also they are not particularly suited to the needs of disadvantaged women.

The two biggest programs in the total manpower effort this year are JOBS, the Job Opportunities Program in the Business Sector, and CEP, the Concentrated Employment Program. A primary objective of both programs is to provide manpower assistance to disadvantaged men, particularly young Negro males in the ghettoes of our biggest cities.

JOBS has been singularly successful in this regard (73 percent of the enrollees are male; 50 percent are under 22). In CEP, which has operated on the basis of an administrative policy determination that no more than fifty percent of the enrollees should be women, the enrollment last year was 58 percent male. The theory behind both JOBS and CEP programs was that if the Negro males could be provided with stable, remunerative and useful employment there would be a concomitant strengthening of the Negro family in the ghetto, which in turn would increase the likelihood that the cycle of poverty could be broken.

While I agree that this is a worthy objective, it overlooks the stark realities of poverty, particularly as it affects women heads of families, and young girls. We know that in families below the poverty level, a disproportionate number are headed by women.

> Of the approximately 5 million poverty families in 1968, 1.8 million or almost 35 percent were headed by women. In the population as a whole only 10 percent of all families are headed by a woman.
>
> In 1968, there were 146,000 family heads who were unemployed. 55,000 of these, or 38 percent were women.
>
> Two-thirds of the women who headed poverty families did not even look for work.

The picture is even grimmer when we look at the statistics on children living in poverty. There is no longer any question that deprivation suffered in early childhood results in permanent stunting of an individual's mental, physical and social potential. This in turn results in a more or less permanent handicap as far as employment is concerned. Children allowed to grow up in poverty will certainly be the targets of the next decade's manpower programs. Where are these children now? All too often they are in families headed by women.

> Of the 9.7 million children under 18 living in poverty, 3.9 million, or 40 percent, lived in families headed by women.
>
> More than half of the poor Negro children under 18 live in female-headed families.
>
> For children under six—the crucial development years—who live in a family headed by a woman, the chances are two to one that the family is below the poverty line. In other words, for the very young, being without a father at home almost means being poor.

There is another area where the waste of women power results in an economic and social cost we can ill afford. I am speaking about the teenagers who have withdrawn—passively in most cases—from either the employment world or the educational process. Many stay home to keep house—for themselves or to help parents with younger children—but in 1969 more than 500,000 girls 16 through 19 were not doing anything at all. They were not in the labor force. They were not in school. They were not unable to work. They were not keeping house. Moreover, comparative data shows that the "Negro and other" girls were disproportionately represented in this group. These young women have effectively removed themselves from the scene but in many cases it is because of a negative giving up—rather than a positive choice.

These are the women and girls our manpower programs must reach. Concentration of manpower efforts designed to assist Negro males will not make these statistics disappear nor these women dissolve. Only a positive program specifically aimed at this target group, and geared to their particular problems will help solve the problem. I am not suggesting that we should abandon the programs for men—but that we need to recognize that women are an important and significant part of the target group as well as men.

One of the special problems of women is, of course, the need to provide adequate day care for their children if and when they go to work. The need for day care has been accepted as a necessary complement to our manpower efforts, and many of our manpower programs include provision for day care as a supportive service to the training program. But although the need is recognized, the resources to meet that need have been skimpy to say the least. In the WIN program in 1969, only $4.7 million was allocated to day care out of a total program level of $117 million; or about 4 percent of the total cost of the program, This amount took care of the children of only 7,300 of the more than 80,000 enrollees in WIN. Moreover, two-thirds of the children in the day care program were of school age. Sixty percent of the day care supported by the program was in-the-home; that is federally subsidized baby sitting, rather than the comprehensive day care that would take place in a licensed center, with a full program of health and educational services.

The maximum allowed by the federal government for child care under the JOBS program is $150, or about four weeks of good—but hardly top quality care. If we are serious about helping disadvantaged women prepare for and hold good jobs that will make it possible for them to support themselves and their families in dignity and health, we must face up to the problems of day care much more realistically than we are now doing. Day care must not be looked on merely as a temporary service provided in support of training, but as a continuing responsibility to the children of working parents.

These are some of these problems we have today with manpower programs, particularly in regard to women workers. Manpower policy must recognize these problems and make a determined start toward meeting them. I ask that, as you undertake this very difficult task of writing manpower legislation that meets the needs of today, you take special note of the problems of women workers.

I suggest the following steps as a good beginning toward that end:

First, comprehensive manpower legislation if it is to be really comprehensive, must include provision for the training and retraining of those who are technologically unemployed. I define technological unemployment in its broadest sense. For example, women who re-enter the job world and find their skills out of date should be eligible for retraining, just as are employees of a plant who find themselves newly automated out of a job. There should be special counseling provided by the federal-state employment service to help these women find suitable jobs and training. Such counseling and training, of course, would not be limited to women: there are many men who find themselves stuck in dead-end jobs who could benefit from the same services.

Second, we must recognize the day care problem for what it is, and begin to meet it on a more realistic basis than is now the case. Several bills have been submitted to this Congress to provide more and better day care for the children of working women, particularly the children of women who are working at wages that preclude their paying for adequate day care themselves. I support such legislation.

Third, I believe that the present manpower programs are not meeting the training and employment needs of the disadvantaged, particularly disadvantaged women. To assure that the needs of these workers are met, there must be included in the comprehensive manpower legislation a separate public service employment program. Such a program would help us meet many of our national, social and human development goals, and at the same time, provide productive employment for the growing number of unemployed who simply cannot be expected to be picked up in manpower programs which concentrate on jobs in the private sector. That many of the enrollees in such a program will be women, I do not doubt. To my mind, that is a good thing, since it is precisely in these fields of public service employment such as health, education, social welfare, and recreation—that women have proved themselves especially talented. I have no doubt that the new fields opening up in environmental control, will prove similarly attractive and suitable for women workers.

Fourth, attitudinal barriers still remain a formidable obstacle to women in the job world. These barriers are not limited to private employment but are found in government, and as I have described here, even in federal manpower policy. At the very minimum, manpower training and employment programs should be administered in such a way that women are given equal opportunity. The anti-discrimination laws must be applied with equal force to government programs, as to private employment. You as legislators can insist on such a policy with a clear conscience. Moreover, I am sure such a step would be interpreted by at least half of your constituents as clear evidence of understanding of their legitimate aspirations.

Finally, no comprehensive manpower legislation can succeed if we do not give the program enough money to do the job. I sincerely hope that whatever legislation comes out of this committee will include authorization of sufficient funds to carry the program out. If we utilize our resources to provide training for the disadvantaged that will lead to remunerative and dignified employment: and to provide retaining for those who are victims of automation and advancing technology, either because of a time lapse or because of immediate causes: and to provide for a public service employment program that will give useful employment to those who cannot compete successfully for jobs in the private sector, either because the jobs are simply not there, or because for one reason or another, they have not been adequately prepared for such competition—if we do this, we will have made the right choice. We cannot turn away from our responsibilities to this group. We cannot afford to let our manpower, and womanpower go to waste. Thank you.

Mr. O'Hara. The subcommittee will now have to adjourn until 2 o'clock this afternoon.

(Whereupon, at 12 noon the subcommittee adjourned, to reconvene at 2 p.m. of the same day.)

AFTERNOON RECESS

The subcommittee reconvened at 2 p.m., Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Mr. Daniels. The Select Subcommittee on Labor will come to order.

We continue with hearings on manpower bills that are pending before this committee. Our first witness this afternoon is Mr. Eugene B. Sydnor, Jr., chairman, Manpower Development Committee, U.S. Chamber of Commerce.

STATEMENT OF EUGENE B. SYDNOR, JR., OF RICHMOND, VA., CHAIRMAN, MANPOWER DEVELOPMENT COMMITTEE, U.S. CHAMBER OF COMMERCE; ACCOMPANIED BY JOHN R. DUNCAN, EXECUTIVE VICE PRESIDENT, METRO-MILWAUKEE CHAMBER OF COMMERCE, MILWAUKEE, WIS.; MISS PATRICIA GOLDMAN, U.S. CHAMBER OF COMMERCE; AND ROY DINGMAN, CONSULTANT, METRO-MILWAUKEE CHAMBER OF COMMERCE, MILWAUKEE, WIS.

Mr. SYDNOR. Mr. Chairman and gentlemen of the committee, I am Eugene B. Sydnor, Jr. Today I am representing the U.S. Chamber of Commerce where I serve as chairman of its manpower development committee.

I would like to introduce the other people appearing with me. On my left is Miss Patricia Goldman of the U.S. chamber, a former member of your committee staff. On my right is Mr. John Duncan, executive director of the Milwaukee Chamber of Commerce; and on his right, Mr. Roy Dingman, who is consultant to the Metro-Milwaukee Chamber of Commerce, and was formerly the vice president of the A. O. Smith Co.

We appreciate very much this opportunity to appear before you today and would like to say in the first place, we are here to support H.R. 13472. In our opinion, it is the best vehicle with some adjustments, to coordinate manpower programs and develop a comprehensive manpower planning system at State and local levels.

The national chamber has long supported education and training programs to maintain and improve our Nation's manpower resources. Today, our interest in manpower development is even greater than it has been in previous years.

Since the advent of the National Alliance of Businessmen (NAB) program, local chambers of commerce and our member companies have become administrators of manpower programs.

Although large companies for years have had extensive on-the-job training programs, until NAB, businessmen in general were largely consumers of manpower services. Today, we are producers as well.

Our members' additional experience in the manpower field, resulting from NAB, has provided us with sharper insights into the problems and opportunities. We can now tell you of our experiences, as well as our observations, relating them to the legislation you are studying.

Since 1962, the House Education and Labor Committee has been instrumental in creating many programs which have been helpful in alleviating the country's critical manpower problems. Yet, evidence suggests that the manpower system that has developed is not responsive to our present manpower problems.

H.R. 13472, the Manpower Training Act; H.R. 11620, the Manpower Act; and H.R. 10908, the Comprehensive Manpower Act, all seek to reorganize manpower programs in order to make them more responsive to individual and national needs.

Rather than analyze the three bills, section by section, I will comment on five major areas of concern in the reorganization plans:

1. Decategorization and coordination.
2. Local planning and administration.
3. Public service employment.
4. The triggering mechanism.
5. Redistribution of manpower funds.

DECATEGORIZATION AND COORDINATION

The decategorization—the removal of rigid program guidelines—and the coordination of federally funded manpower programs at the national level is essential to improve their effectiveness.

Our local chambers report that—about which you will hear more later from local chamber of commerce witnesses—in most metropolitan cities, employers are confronted with a perplexing number of separately administered and federally funded manpower programs.

Baltimore, for example, has 25 major manpower programs and 15 manpower related programs. Each program has its own funding source, administrative mechanism and eligibility requirements. Baltimore is not unique. Detroit, Philadelphia, and many other cities report that they have over 30 federally funded manpower programs.

The resulting confusion cannot be overemphasized. Program content aside, employers are hard pressed even to keep informed about the merit of the various programs.

A personnel director is beseiged by job developers from programs that, to him, simply represent a host of alphabet-soup acronyms such as NYC, JOBS, and NAB.

Each program has its own funds, its own organization, its own staff, its own objectives, its own regulations and its own clients. Sometimes the clients overlap.

This proliferation of overlapping programs is a barrier preventing business personnel directors from making the best decisions about which program to use. The success of manpower programs depends on these key officials.

Rigid categorization guidelines also inhibit the development of programs which meet local needs. Presently, local programs are designed to fit contract specifications, rather than employer and enrollee needs.

Another problem caused by the current rigid categorization of programs is the necessity for project-by-project contract approval. This causes many difficulties, not the least of which are time-consuming redtape and delays. The delays cannot really even be blamed on bureaucratic structure.

At present, the Labor Department is faced with the herculean task of reviewing 10,000 contracts a year. If programs are expanded under the present structure, the whole system may well break down from its own weight.

The national chamber strongly supports the decategorization, or removal of rigid guidelines, proposed by H.R. 13472, H.R. 11620, and H.R. 10908. It will enable communities to plan programs suitable to their particular needs, as well as enrollee needs. The contract procedure will be more responsive and efficient.

Coordination of programs at the Federal level is provided in all three bills by the combining of program authorities and decategorization. But, decategorization and coordination at the Federal level is not enough. The programs have to be pulled together at the State and local levels, as well. Effective coordination is dependent on soundly devised manpower planning mechanisms.

LOCAL PLANNING AND ADMINISTRATION

H.R. 10908 proposes a mechanism for bringing about coordination at the State level, and H.R. 13472 proposes a mechanism for both State and community coordination. We support H.R. 13472 because it brings in the community, as well as the State.

For a State to be eligible to receive funds under H.R. 13472, the Governor must begin plans to establish a State "umbrella" manpower agency. When fully operational, the agency will determine the utilization of training and education resources within the State and will monitor manpower program performance.

Each community will designate a local "prime sponsor" responsible for regional coordination and the establishment of a community manpower plan. The State manpower agency develops its plans for Federal funding based on the "prime sponsor" proposals in the various communities of the State.

If the Secretary of Labor approves the State plan, the Federal Government grants the State a single "block" of funds which, in turn, the State will disburse to its communities.

H.R. 13472 does not propose to turn over funds to the State automatically. Release of the funds will be determined by the State's compliance with a three-stage development of capability to handle the funds. The rate of disbursement of funds will depend on the State's progress in setting up its umbrella agency, local sponsors and other criteria.

When the planning mechanism is in full operation, funds flow from the Secretary of Labor to the State agency, then to the local "prime sponsor" and to the specific program.

The national chamber favors this principle of State and local planning proposed in H.R. 13472. We feel that the States can be effective in bringing about the decentralization that President Nixon espouses in this part of his "New Federalism" package.

We realistically recognize that not all the States presently have the organizations in being to administer effective manpower programs. While the State builds its competency, something else will have to substitute.

The three-phased turnover of control and funds proposed in H.R. 13472 will permit time to build the necessary agencies at State and local levels. State planning grants will help the governors build planning and administrative capability.

Guarantee of distribution of funds to the cities is essential, but we have reservations about the development of a "prime sponsor" based solely on standard metropolitan statistical areas.

While long favoring the concept of metropolitan planning and metropolitan government, experience shows that metropolitan planning cannot be enforced by a formula. Realistically, a metropolitan concept cannot be imposed where it does not exist and where there is no local desire for it.

Our manpower development committee has carefully examined the several formulas that have been advanced for development of local prime sponsors. In our opinion, all of them are inadequate.

There does not seem to be any satisfactory, uniform solution. None of the proposals which the chamber has studied really addresses the political realities of often Democratic-controlled city halls, operating in the context of often Republican-controlled State and suburban governments, and vice versa.

No uniform formula for local prime sponsorship should be written into the bill. Standards must be set, but they should be minimal and based upon the clearly defined intent of coordinating all community resources. Ideals of metropolitan planning should be developed in the Department of Labor's administrative guidelines.

A bonus plan should be included in the bill for those cities that meet the Department guidelines for a metropolitan manpower planning system.

The same problem of theory versus political reality applies to the Manpower Training Act's implied designation of the Employment Service as exclusive deliverer of manpower services.

The Employment Service should have to compete with other groups who have demonstrated training capabilities for the right to run the manpower services.

There is a considerable variation in the quality of performance between the various State employment services. Because of this and other reasons, we feel no organization should be given exclusive claim to delivery services

PUBLIC SERVICE EMPLOYMENT

We support the use of public service employment where there is an identified job opening and where comparable job opportunities are available in the private sector.

A study we commissioned Dr. Seymour Wolfbein to prepare entitled "The Emerging Labor Force" notes that in the decade from 1965 to 1975 there will be a 3.9-percent increase in Government employment and a 42.3-percent increase in service industry employment, which includes such public services as medical care and sanitation.

The overall increase over the decade would be 22 percent.

Mr. DANIELS. On what do you base your 22-percent estimate?

Mr. SYDNOR. An increase in the rate of employment during that period of time from 1965 to 1975 would be an overall gain in employment of 22 percent.

Mr. DANIELS. On what do you base your statement?

Mr. SYDNOR. This is the study by Dr. Wolfbein. He was the Administrator of the Manpower Division of the Department of Labor under the Johnson administration.

He is presently the dean of the School of Business Administration at Temple University. He was retained by the chamber to make the study of the manpower trends that can be expected in the next few years.

Does that answer your question Mr. Chairman?

Mr. DANIELS. It does, thank you.

Mr. SYDNOR. The Labor Department and State and local governments will be remiss if they do not make many of these projected job opportunities available to the disadvantaged.

In fact, all three levels of government are way behind business in changing their job entry standards and conducting training programs for the disadvantaged. Agencies at all levels of government should review their hiring practices. Experience of industry over the past several years must be applied to Government.

The national chamber supports the public service components in H.R. 13472 and H.R. 10908, while opposing proposals to broaden the concept of "public service employment" to "employer of last resort" that is embodied in H.R. 11620.

"Public service employment" is that which employs persons in occupations for which there is an identified public need for the services produced. The concept of "employer of last resort" goes far beyond that, for it proposes to create "make-work" jobs.

Our experience with NAB demonstrates that the "last resort" employment will be untenable, if for no other reason than that the potential trainee for such a job just won't buy it.

Retaining the disadvantaged, chronically unemployed, is difficult at best when the job is "meaningful". If the "job" is merely a "make-work job" that is simply an income supplement a disadvantaged person is no more likely to stay in that job than he is in a job as a low-paid dishwasher.

The Manpower Training Act and the Comprehensive Manpower Act allow enough flexibility for the thoughtful development of public service jobs and the requisite training for them. The committee should express its legislative intent so that planning for such programs can begin promptly.

THE TRIGGERING MECHANISM

Another tool proposed by H.R. 13472, but not in the other bills, that would be available in the event of more serious unemployment is the "triggering mechanism".

If the unemployment rate reaches 4.5 percent for 3 consecutive months, the Secretary of Labor is authorized to spend an additional 10 percent of the appropriated funds. At present appropriation levels, the trigger would provide $1.6 million additional funds.

The triggering mechanism may be a useful device for highlighting a critical problem. The 4.5 percent unemployment rate provides economists with a measurement of the seriousness of a problem.

However, it fails to highlight various groups in our labor force such as minority youths and center-city residents who have been experiencing unemployment rates far in excess of 4.5 percent for years. This is really the hard-core unemployed group. This is the case even when some overall city unemployment rates are as low as 2 percent.

As it is now devised, the trigger will not provide funds of adequate magnitude to provide much of an impact in creating jobs. The seriousness of the unemployment that the country will have reached by the time the mechanism takes effect, will serve to lessen the impact of such funds.

Amendment of the trigger proposal should be considered. If it is used, the rate should be pegged to regional unemployment rates. Some areas of our country have been suffering unemployment rates far in excess of 4.5 percent for some time.

In other words, in some parts of the country you have higher rates of unemployment and in certain cities in States it will vary considerably.

In the national chamber's opinion, a regional triggering mechanism would have a much greater impact on needed program expansion than would be indicated by the national unemployment rate.

Moreover, if the administration anticipates having to use the triggering mechanism, careful planning should be made for its use.

REDISTRIBUTION OF MANPOWER FUNDS

Administration officials have informed our manpower development committee that more than the triggering device funds will be available if industrial unemployment continues to rise. Funds that are now committed to the JOBS program will be redesignated for institutional programs.

Manpower specialists talk about "recycling" trainees who have been in the JOBS program and are then laid off.

Experience of our members participating in the JOBS program indicates that it is going to be very difficult to explain to the ghetto resident who has just been laid off, that he should be "recycled" through a new training program. It is highly unlikely that many will accept institutional training.

Even though unemployment in manufacturing industries is currently increasing, there are still many employers in other businesses, particularly services, distribution, and local or State governments, who will hire, in fact, who desire to hire, the disadvantaged unemployed.

This is suggested by the fact that in the third week in March, more applications for JOBS contracts were submitted to the Labor Department than any week since the start of the program.

Of course, the national unemployment rate in March hit the 4.5-figure mentioned in the triggering mechanism.

Manpower funds should be allocated to those training and placement programs which will have the greatest impact. Therefore, funds should not be transferred from JOBS programs to institutional programs as long as good productive jobs are available for the disadvantaged in some parts of the private economy.

To conclude, the national chamber supports as absolutely essential the objective of the coordination of manpower programs and the development of a comprehensive manpower planning system at State and local levels.

The Manpower Training Act, H.R. 13472, with some adjustments, provides the best design for such a system.

And now, I would like to present to you Mr. John Duncan.

Mr. Daniels. You may proceed, Mr. Duncan.

Mr. Duncan. Mr. Chairman, I am John Duncan, executive vice president of the Metropolitan Milwaukee Association of Commerce, an organization of nearly 2,800 member firms in commerce and industry.

Adoption of H.R. 13472 is urged, but with modification. Our staff, which has had considerable involvement in the employment situation, has promoted the general concept embodied in this bill in Wisconsin, because we believe in the delegation of responsibility and corresponding authority to the State and ultimately the local level, to improve coordination and control to eliminate overlapping and competitive activities and to improve ability to evaluate funded projects on the basis of results—all faults we see in the present system.

Our staff does, however, have the following reservations and would suggest amendments accordingly:

1. Provisions in the bill setting forth guidelines for delegation of authority should be broad enough to recognize any qualified prime sponsor and not allow a narrow interpretation such as that in the August 7, 1969, briefing paper of the U.S. Department of Labor, Manpower Administration, Office of Policy Evaluation and Research, recognizing only a mayor's office.
2. The provision basing the allowance to enrolled persons on statewide weekly wage averages should be changed to averages in the community where the training program is conducted—because of high statewide variances.
3. The provision establishing pay rate limits for employer—compensated on-the-job training should make one of the basic criteria a firm's prevailing labor contract, so as to avoid conflict with it.
4. Not only representatives of low-income groups served by the act, but also representatives of commerce and industry expected to provide the jobs should play a strong role in planning and evaluating programs.
5. While this bill presently would provide the most money when job opportunities are decreasing, it should, instead, provide more training money when jobs are available, to prevent an exercise in futility—training for nonexistent jobs.

We believe these suggested changes will make the bill more viable. Our association's experience in serving as the metropolitan Milwaukee office for the National Alliance of Businessmen's JOBS program has permitted us to view—frequently with alarm—the overlapping of services, the duplication of functions, the competition for funds and authority, the lack of coordination and clearly defined chain of command, the impossibility of competent evaluation, in manpower programs under the existing structures.

I would like, briefly, to cite examples. In Milwaukee, at least seven agencies solicit jobs for their clients among the hard-core unemployed. The confusion and proliferation are such that a teletype system, job order control center, and computerized job bank have been proposed to bring order out of chaos.

The present control system to fill NAB-pledged jobs is not linked to the welfare department, the Opportunities Industrialization Center, Milwaukee Area Technical College—our vocational school system—or the Commando I project—a program to find employment for returnees from correctional institutions.

Another example: The "number game" makes honest performance evaluation difficult, if not impossible. The Milwaukee Concentrated Employment Program (CEP) has claimed to have served 4,617 innercity residents and to have placed 1,971 in jobs.

Yet, the Association of Commerce, studying every CEP report, can find records of only 646 placements. In a spot check of 152, only 52 or 34 percent were found to be hired by the company listed.

Similarly, a total of 88,000 people reportedly served by 28 Federal programs would seem to result, unrealistically, from duplicated figures.

We believe that H.R. 13472, if amended to take care of areas of concern we have identified, can be a positive move toward solving existing problems. We hope the Congress will take every step possible to assure the elimination of duplicative and competitive programs by any other Federal agencies.

In addition to this statement, I would like to enter into the record of this hearing, and leave for the committee, some more detailed material you may find of interest.

Thank you for your attention.

Mr. Daniels. Without objection, your request will be honored.

Hearing none, it is so ordered.

(The document referred to follows:)

Supplementary Statement of Metropolitan Milwaukee Association of Commerce

The Metropolitan Milwaukee Association of Commerce staff has significant knowledge and experience with respect to manpower development and training requirements and programs as a result of involvement in a variety of these programs and through membership on various boards and advisory committees.

The Association is *directly* involved in three manpower related programs: the National Alliance of Businessmen's JOBS program, the Human Development Forum and the Milwaukee Screening Committee. The committee unodubtedly is well aware of the NAB/JOBS program.

55 SEMINARS

The Human Development Forum program since 1968 has conducted 55 seminars involving approximately 1,800 supervisory personnel. The objective is improved understanding on the part of management personnel with respect to the problems, attitudes, culture and customs of the hard-core unemployed. Emphasis is placed upon solutions to practical problems facing employers.

The Milwaukee Screening Committee is a joint project of the Association of Commerce and five other community organizations to review and evaluate requests by inner-city organizations for private sector funds. The plan helps employers to put their money where it is likely to do the most good.

Thus, the Association staff has become cognizant of the many factors which inhibit federally-funded and other manpower projects from accomplishing their objectives. For example:

DUPLICATIVE, UNCOORDINATED

It would appear that the present system of project approval and funding has caused many projects to have overlapping objectives and services resulting in competition between programs and lack of coordination. One reason is the number of funding sources available to the many independent groups and agencies seeking funds and the proliferation of agencies soliciting jobs from employers for their clients—the hard-core unemployed.

LITTLE FOLLOW-UP

Follow-up by the responsible funding agency is hampered by remoteness from the geographic location of the program involved, and lack of staff, making supervision difficult. This also prevents the agency from having the intimate knowledge of local problems which use of its funds is intended to solve. For example, MDTA funds in Milwaukee currently are being used to train people for many occupations for which there is no demand. In January of 1969, for instance, there were 41 openings for production machine operators and 70 active applicants. Yet, funds have been allocated to train an additional 102 production machine operators at a cost of $225,000.

WEAK CONTROLS

Coordination and effective managerial control of projects in a given area is of equal importance to the provision of funds. Again, this appears difficult, if not impossible, because of the number of existing funding agents. Difficulties in appreciating and understanding the need for a particular approach or innovation in a particular area, the nature of a problem, the degree to which it affects the structure of a community, as well as many other factors, make it necessary to permit non-standard and innovative approaches. The size and complexities of the problems are too great to permit complete responsibility and authority to remain at the federal level.

To illustrate this: The Cooperative Area Manpower Planning Systems (CAMPS) and the Concentrated Employment Program both were established to achieve badly needed coordination of manpower programs. Yet, neither was given controls with which to accomplish this. A program cannot coordinate something over which it has no control.

CHAIN OF COMMAND

The situations cited frequently are compounded by the fact that a clear and workable chain of command does not exist. Too frequently, two or more agencies have joint responsibility, with no final authority for decisions, which can result in a "power struggle" between various agencies and projects. In Milwaukee, many agencies are sub-contractors to other agencies for services. Terms such as "functional control" and "programatical responsibility" pop up frequently, but seldom does a clearly delineated line of authority and responsibility exist. Often, an agency that receives its funds from one source is responsible to another.

Based upon these experiences and evaluations, it is concluded that the basic concept of H.R. 13472—namely, delegation of significant authority and responsibility to the state level and ultimately the local level—should improve coordination and control, eliminate overlapping and competitive activities and enhance the ability to evaluate funded projects in terms of effectiveness and specific results.

However, specifics of the bill raise several questions.

CONGRESSIONAL INTENT

The bill sets forth guidelines for delegation of specific responsibilities and authority to a homogenous area within the state. An interpretation in an August 7, 1969 briefing paper issued by the U.S. Department of Labor, Manpower Administration, Office of Policy Evaluation and Research, states, "The mayor's office will be responsible for planning and implementing manpower programs in urban areas." The bill itself, however, appears to provide for several alternatives. These alternatives should be so specified that congressional intent cannot be thwarted by Labor Department edict that the only local office which can plan and implement a program in an urban area is the office of the mayor.

QUESTIONABLE METHOD

The bill provides that the basic allowance to enrolled persons be based on the average weekly wage in employment covered by the state's unemployment compensation law—40% in fiscal year 1971, 45% in 1972 and 50% in fiscal year 1973 and thereafter. The propriety of this method of calculating the basic allowance is questionable because of its universal application to all areas of a state. For example, in Wisconsin this average weekly wage is higher in the more heavily industrialized communities such as Milwaukee, Racine and Kenosha. Application for this formula to basic allowances in smaller communities, particularly in the northern half of the state of Wisconsin, could be most unrealistic in relation to actual wages paid and the local cost of living. The basic allowance should be related to the average weekly wage in the community in which the training program is to be conducted.

LABOR CONFLICT

The bill requires that workers undertaking employer-compensated on-the-job training be paid the applicable minimum wage or the prevailing wage rate for similar work in the locality, whichever is higher. This might be in conflict with wage rates negotiated by companies with collective bargaining agent. Labor agreements frequently specify a starting rate, 30-day rate, 60-day rate and final rate for a given occupation. Deviation would be a violation of the labor agreement. Employers might be prevented from undertaking on-the-job training if the prevailing rate were in conflict with the labor agreement's hiring rate. Conformance to a labor agreement should be held to be in compliance with the law.

The Act provides for participation by representatives of low-income groups served by it. Since the ultimate objective of manpower training is employment, it would seem desirable that representatives of commerce and industry also play a strong role in planning and evaluating programs established under the Act.

WHEN NEEDED MOST

Availability of job training funds should be proportionate to the job openings foreseeable. The bill provides that appropriations be increased when the unemployment rate reaches 4½% for three months. This would provide the most money during times when job opportunities are decreasing. Increased training and job readiness are of little value in this situation. It would seem more appropriate to have more money available when employers are experiencing a "tight" labor situation. This is when the community must reach out to those hardest to employ—those requiring the most extensive training.

WISCONSIN STRUCTURE

In Wisconsin, the structure already exists to operate under the proposed system in H.R. 13472. Governor Knowles in October 1969 created a State Manpower Council responsible for overall planning, coordination, control and evaluation of Wisconsin manpower programs. This council would be assisted by CAMPS, the Wisconsin Department of Industry, Labor and Human Relations and an advisory committee of business, labor and agriculture representatives, economists, one state senator and one assemblyman.

The need for proposed legislation already has been demonstrated in Wisconsin in several ways:

1. A special committee of the Metropolitan Milwaukee Association of Commerce has already recommended to the State Legislature that coordination of state and federal manpower programs is a number one priority.

2. Twice within the past year, the *Milwaukee Journal* has made extensive summaries and explanations of Milwaukee's manpower programs, stating that "the federal programs for adults remain complex and confusing," and there has not been much systematic evaluation of them. The paper also asks, as we do, "Is the government getting its money's worth? How many people have benefited? and . . . Were the programs so limited that they had little chance of making a real impact?"

3. A summary by the local CAMPS organization concludes as follows:

"In general, the program is not the total amount of money coming into the community but the inefficient manner in which it is spent. Many programs, designed elsewhere in the country, do not appear flexible enough to accomplish their stated goal in Milwaukee. Each program apparently was designed as if it was to stand alone in the community. The result is built-in coordination problems.

"Communication Impossible"—Unfortunately, each agency desires to operate job development counseling work sampling, outreach, placement and training services. Both employer and resident are then confused by the variety, *confusing* variety, of manpower and related programs. Communication becomes impossible. Competition over the scarce dollar becomes defeating as each agency claims to provide better service than its neighbor.

"Unfortunately, once again, agencies at this level have not had sufficient voice in making their complaints known to higher levels—Washington, Chicago or Madison. Their orientation all too often is to please their funding (also promotion) source and not to be overly concerned with the needs of local citizens. Their organization is not designed to permit this. For example, agencies at the area level are completely hesitant to describe on paper problems that would be embarrassing to their agency. They are particularly mute about problems which cannot be solved quickly in the near future.

"Therefore, the greatest need is to *make the programs responsive to the people's needs.* Required is a local body to act as clearinghouse for manypower programs. All proposals should receive a stamp of approval before being funded."

In summary, passage of bill H.R. 13472, with noted modifications, is strongly urged. We have already promoted the concept of this bill in Wisconsin and have appeared at a hearing before Senator Gaylord Nelson for the same purpose.

Coordination and cooperation will not come under the present system. It is time to start talking about true service to people in programs that contain authority and responsibility, especially at the local level.

Mr. Daniels. Do you have another witness?

Mr. Sydnor. No, sir. If the committee has any questions, we would be pleased to try to answer them.

Mr. Daniels. I want to thank both of you gentlemen for giving your views.

I call upon the ranking minority member of the committee, Mr. Scherle, do you have any questions?

Mr. Scherle. Thank you, Mr. Chairman.

Mr. Sydnor, it is a real pleasure to have you here this afternoon. You were supposed to be heard this morning but I am glad you had the patience to wait for us to return.

It is a great pleasure to see my good friend John Duncan. He is a former constituent of mine. You should feel highly complimented that you have a man of his talents. As the old saying goes, "Our loss is your gain."

John, it is nice to see you and to have you here. Your statement, Mr. Sydnor, was most impressive. We had testimony from the urban coalition spokesman that many State and local employees are technically unemployed because of the low wage level.

They saw public service employment in part as a wage subsidy for existing employees. Does the chamber share this view? How would you suggest dealing with the problem?

Mr. Sydnor. I alluded in my prepared remarks to the fact that the best estimates that we have are to the effect that employment of a permanent nature in State and local governments, particularly, is going to increase substantially as it has in the last year and that increase will continue in the next few years.

I could perhaps quote here some areas of very sharp increase in the areas of employment at State and local government levels, again according to Dr. Wolfbein's report to the chamber.

For example, overall the State and local government employment in 1965–75 is expected to go up by 48 percent.

Mr. Scherle. If I may interrupt here, in what category do you anticipate this increase?

Mr. Sydnor. I will name the categories he gives here: In elementary and secondary education, 30 percent; higher education, 20 percent; highways and streets, 21 percent; health and hospitals, 70 percent; housing and community developments, 42 percent; sanitation, 86 percent; natural resources, 64 percent.

Those are some areas of very considerable increase in employment.

Mr. Scherle. Would you contemplate that the need for that type of training would be on the job?

Mr. Sydnor. I think it varies considerably as I am sure you will agree. Naturally, the type of training to engage in teaching will be very, very different from what would be appropriate for those who are in the hard core group.

However, there are certain jobs available, I am sure, which are going to be available in the school systems where they could be fitted in.

Certainly, in the area of highways and streets and sanitation and housing and community development, and so forth, there will be jobs for which they can be trained.

Mr. SCHERLE. Do you have some figures as to what percentage of these people will be employed? Or will we just hire them as a method of turning them out wondering whether or not they will find their niche in society somewhere?

Mr. SYDNOR. I believe the chamber is suggesting that some of the training programs that could be contemplated under the Manpower Act—again, we are speaking really of basic education in many cases—could be used to prepare these people for jobs in State and local governments just as well as for jobs in the private sector of the economy.

Again, let me return to the fact that we emphasize we would like to see the openings filled in the private economy first and particularly in the area of service trades. There are a great many of those.

The rate of increase in employment in the service trades is actually greater than it is in the Government area expected for these next 6 years.

Mr. SCHERLE. Did you hear the question I posed to Mr. Wilson this morning concerning ceilings and overlap and duplication?

I am not sold on CEP at all. They have done a lousy job. The testimony that John had given us this afternoon and that which Mr. Wilson alluded to are in dire conflict. They are diametrically opposed as to the success and failures of the program.

From what I have seen and heard in the past, the CEP program should be completely abolished and something else made to serve in that capacity.

Mr. SYDNOR. I would say the experience of local chambers, to my knowledge, has not been particularly good with CEP.

I would like to give my colleague an opportunity to speak from his own experience.

Mr. SCHERLE. I wish he would. We had what was thought to be convincing testimony but the facts do not substantiate the reasoning behind it.

If Mr. Duncan would like to proceed, I would be interested in hearing what he had to say.

Mr. DUNCAN. We were here to testify on this bill.

Mr. SCHERLE. I don't mean to be putting you on the spot.

Mr. DUNCAN. We will be glad to answer any questions that we can about how NAB operates at the local level. We should also make clear it may operate differently in other major cities than in Milwaukee.

One of our biggest problems under the NAB program is that we are responsible for obtaining job pledges. That is the main responsibility. Filling those job pledges has been the responsibility of the CEP.

It would be putting it mildly to say we are not pleased at all with that system. In the bidding 2 years ago, we got involved in this crash program and it took us almost 3 months to figure out to whom to give the job pledges.

Today, you have many different agencies which compete very much to get those pledges. I think Roy Dingman, who is responsible for operating the program at the local level in Milwaukee, may have something to add in relation to what we have done recently on CEP.

Mr. Scherle. John, I can appreciate your frustration because you have stated here what I have mentioned many times, that even in Milwaukee you have seven agencies to solicit jobs for their clients among the hard core unemployed.

The confusion and proliferation are such that a teletype system—and I think you put it very well—is necessary, and I don't see anything but utter chaos and frustration in trying to analyze in detail some of these situations. As to where you are getting down to the point where you can help the people for which the programs were designed.

If your colleague would like to answer, I will certainly yield.

Mr. Duncan. In an attempt to solve the problem, we did convince the Wisconsin employment service to put in a job control center. Every pledge we get through NAB is referred to that center and they are solely responsible for converting it into a job order and contacting the employer.

CEP still has 48 hours' priority but after 48 hours we no longer have to concern ourselves with their efficiency or lack of it.

Mr. Scherle. What is the responsibility and how successful is CEP by your generosity of giving them 48 hours to confuse the issue until you take the more sensible approach?

Mr. Dingman. That was not our desire. That was the best we could do.

Mr. Scherle. I am the one being critical, not you, but you still have to serve in the capacity of duplication if they are not successful in that 2-day period.

In other words, you have to handle the client, the résumé, the pledges and everything all over again.

Mr. Dingman. I couldn't agree with you more.

Mr. Scherle. Let me ask you another question and perhaps Mr. Sydnor might want to respond to this. Today we are investing a far larger amount of Federal funds for salvage-type job training than we are for support of vocational-technical education.

Meanwhile, we have kept right on producing high school graduates and dropouts who are not equipped to earn a living.

Does the chamber feel this is an intelligent system of priorities?

Mr. Sydnor. The chamber looks on the matter of the roughly 3 million of hard core unemployed as hopefully a onetime critical need situation where we have to institute or should institute, the crash-type of training program which has been made available through your committee and the Congress, but we also realize fully that this should not be a continuing problem, that the educational system and particularly the vocational education aspects of it should make it unnecessary for similar programs of this kind to go on indefinitely.

The chamber, as I imagine you know, has supported the increased appropriations for vocational education and particularly has urged that the funds in vocational education be used in a more realistic way to provide training for actual job opportunities rather than something that might be, but really is not existing.

So, we feel at the present time there is a need for both types of efforts but we hope that the training program as an emergency matter can be finished off reasonably soon and the load turned over to the vocational and public school system.

Mr. Scherle. I think, Mr. Chairman, I have completed my questioning.

However, it is very easy for me to place myself in your position where the present control system to fill pledged jobs is not linked to the welfare departments, the Opportunities Industrial Center, Milwaukee Area Technical College, or the Commando–I project.

I feel almost as sorry for you as the people you are trying to place in training. My compliments to you. It has been a real pleasure to have you here this afternoon, and, John, it is nice to see you again.

Mr. Daniels. I now recognize the gentleman from Wisconsin, Mr. Steiger, do you have any questions?

Mr. Steiger. Yes; I do, Mr. Chairman.

Let me go at a couple of different types of questions. I have one from the standpoint of Wisconsin.

Are you satisfied with the manpower planning agency at the State level as envisaged by the administration bill?

Do you think that this encompasses the types of agencies that ought to be encompassed?

Will it serve as a complement to the State manpower council created by Governor Knowles as a corollary to that?

What kind of recommendations specifically would you make in terms of the makeup of the metropolitan planning operation, if that is the format that is used as it is envisioned in the administration bill?

Mr. Syndor. I would suggest that my colleagues from Wisconsin might be in a better position to answer that.

Mr. Dingman. Mr. Steiger, because of the metropolitan character of the area, it certainly, as a very minimum, should be a Milwaukee County approach.

This problem cannot be solved on solely an urban basis.

Mr. Steiger. That is part of the question, and I appreciate that.

Mr. Dingman. I don't recall the other parts of your question.

Mr. Steiger. I am specifically concerned about the concept of the State manpower planning council that Governor Knowles has already created and whether you think the administration bill is supplementary, complementary or goes in opposition to that.

Mr. Dingman. It is our understanding it is complementary and in our opinion, we have the facility under that commission to implement the law as it is proposed.

Mr. Duncan. With the amendments proposed by us, it would do that.

Mr. Steiger. The bill the administration has proposed calls for a standard metropolitan statistical approach that goes beyond Milwaukee County.

If we use the SMSA concept in Wisconsin, we are going to have a number of SMSA's involved in the automatic pass-through.

Is that the appropriate way to do it?

Mr. Duncan. It is not bad. In our case, we represent a four-county area which is approximately 1,500,000 people, and there are job opportunities in those adjacent counties even though the hard core would be mainly concentrated in the city of Milwaukee.

We want to figure out how to put the people with the jobs and I would say anything that was done in our area, we would like to have it on that SMSA basis.

How it might affect the rest of the State might be a different question.

Mr. STEIGER. You don't want to get into that problem but you are further satisfied, if I understand the statement correctly, if it is clarified to insure that it is the mayor who has the authority, that is acceptable to you?

Mr. DUNCAN. Our statement says we would like to broaden that and not specifically make it the mayor, I think. One of the things we recommend is to make that change in the bill so that it is not just everything through the mayor.

Mr. DANIELS. Would the gentleman yield at that point?

Mr. STEIGER. Yes; I will be happy to yield.

Mr. DANIELS. What happens when the mayor wants a program which the Governor does not want and they cannot resolve the problem. Who wins?

Mr. SYDNOR. I believe there is a provision for appeal to the Secretary of Labor. I would call to the attention of the committee the testimony that we gave at the bottom of page four of our prepared remarks, and that indicated that we felt there was some need for some flexibility in these local organizational plans. We realize what might be suitable for a major metropolitan area such as Milwaukee and the surrounding counties might not necessarily be appropriate for a smaller community.

Mr. DANIELS. What happens if the mayor is of one political party and the Governor is of another?

Mr. SYDNOR. He has the right to go to the Secretary of Labor who has reserved approximately 20 percent of the funds for setting up programs directly.

Mr. DANIELS. Where the Secretary of Labor would intervene to settle these disputes, would this not, according to the testimony you gave here today, allow for greater inefficiency and greater involvement on the part of the Federal Government?

You are advocating decentralization, is that not true?

Mr. SYDNOR. Basically, as I see the proposals in the bill, the major part of the funds are being handled through the program or decentralization that we recommend. There is the 20 percent left over to be used at the discretion of the Secretary.

As I understand the situation today, the funds are being handled almost exclusively on the basis of control out of Washington, so we make some progress by adopting the administration bill.

Mr. STEIGER. This still poses the problem which I must say you are not helping me understand better why you go the route that you do.

The administration has in essence clarified their intent to say that the power shall rest with the mayor of a central city in an SMSA. He gets in essence both the right of first refusal and it will be in large part his responsibility.

In the statement that you are making, you are talking about alternatives. I am not sure which alternative you are talking about and I am trying to get from you whether or not you concur that that is the product that the Congress ought to turn out, that if we turn it in to SMSA and have an automatic pass-through, do you agree the mayor is the man who should get the most responsibility?

Mr. Sydnor. We stated earlier before you came in as follows: We have reservations about the development of a prime sponsor based on standard metropolitan statistical areas.

We agree it is not the only answer and cannot be the only answer for communities all over the country. Certainly, the mayor of a major city with a problem of hard-core unemployed in his community will have a real interest in trying to work out what is a practical and viable way of handling that situation and it looks like he should have the first refusal on the matter and if it can't be worked out then there are alternatives under the administration's bill.

Mr. Sydnor. In my city of Richmond, the mayor is more or less an honorary individual. He has no more power than the nine elected councilmen. In other jurisdictions, the mayor is elected and has certain additional powers.

Mr. Steiger. Do you have additional recommendations to make if you have questions about the SMSA?

Mr. Sydnor. Again, we have recommendations that the matter be left up to the localities to a certain extent.

I believe your own inclinations lie in the direction of more flexibility at the State level and the local level should be developed to the point where you feel it can be developed for a matter of practical alternatives.

Mr. Steiger. Can you give us briefly a description, given the fact that we had the National Alliance of Businessmen here this morning, of how the NAB operates in Malwaukee? How many contracts have you?

Mr. Dingman. In the Milwaukee area, there are 34 MA contracts, 34 different employers.

Mr. Steiger. How many people are involved?

Mr. Dingman. 444.

Mr. Steiger. 444 contracted slots?

Mr. Dingman. That is right.

Mr. Steiger. How many are on board?

Mr. Dingman. That statistic is not available to us for this reason, and I can give you an example of a company with which I am familiar. They have a contract for 75. They put these people on in groups of five and six to 10. Then they bring in some more so that the termination of the training of an individual is at a different time for each one.

That contract happens to be complete right now and they have the total number in their work force but they were not all started at one time and they did not all finish at one time. This was over an 18-month period.

So that at any given point in time, this is a completely different number, different today than it was yesterday or will be tomorrow.

Mr. Steiger. Are you anticipating that the 444 slots for which contracts have been let will be completed by the end of the contract period?

Mr. Dingman. So far as we know, yes. We see no indications of any slowing down of the performance under those contracts.

Mr. Steiger. What is the relationship between the NAB job operation in Milwaukee and the Milwaukee Technical Institute or the duly authorized skill center in Milwaukee?

Mr. Dingman. Any employer who is interested in an MA contract is required to consult with the technical college first to determine whether they can provide all of the services that he is interested in having in his program.

Mr. STEIGER. How many are using the services of the skill center or the Milwaukee Technical College?

Mr. DINGMAN. At this point I do not believe there are any.

Mr. STEIGER. What services are they using?

Mr. DINGMAN. Some of them are using the Jewish Vocational Service which has a record of some 50 years of working with handicapped people. Some are using Manpower Incorporated, some are using Goodwill, some are using the career academy program.

There is no uniform pattern.

Mr. STEIGER. What is the reason they are not using the technical college?

Mr. DINGMAN. Because at this point the technical college cannot supply a complete package of services. They can do the remedial education, the supplementary job training. They have no facilities for medical service, transportation, day care, or what are termed the supportive services, the personal follow up with the individual to help correct problems that are external to the job such as debts, family health problems, family marital problems, and so on.

Mr. STEIGER. From your standpoint, what is the effectiveness of both the Employment Service in working with NABS jobs and the "umbrella" community action agency in Milwaukee?

Mr. DINGMAN. I am not aware of any "umbrella" community action agency, Mr. Steiger, that is involved here. The active agencies are NAB getting the pledges, the Employment Service and the employer getting together and selecting candidates for the position and the employer either on his own or with an MA contract training and developing these people so that they are qualified to hold and maintain a job.

Mr. STEIGER. In other words, the community action agency in Milwaukee has nothing to do with NAB–JOBS?

Mr. DINGMAN. I would need a definition of a community action agency. We have dozens.

Mr. STEIGER. You really have but one overall community action agency. I am referring to the Social Development Commission.

Mr. DINGMAN. They are not an active participant. Some of the funds for programs such as CEP and others flow through the Social Development Commission for review, approval, and referral, but so far as specific activity in this area is concerned, they are not involved.

Mr. STEIGER. In other words, they don't do any Outreach, for example?

Mr. DINGMAN. No, sir. If an employer wants Outreach service he has to find it from one of the agencies that I mentioned.

Mr. STEIGER. Within the NAB operation, how many job slots are you counting as noncontract slots, that you consider to have developed as a result of the NAB operation in Milwaukee?

Mr. DINGMAN. The total number of placements in the Milwaukee area since the beginning of the program is slightly less than 4,000, and the retention rate at this moment is approximately 40 percent.

Mr. STEIGER. Of that 4,000, then something like 10 percent have been contract slots using MA–3–4–5 contracts.

Mr. **Dingman**. That is right. Many employers have chosen to undertake those expenses themselves rather than being reimbursed. Some of the outstanding successes is where they have not had an MA contract.

Mr. **Steiger**. Would you be willing to offer any insight from your own experience what the success has been of NAB–JOBS in Milwaukee and what are the most important problems that you faced either in dealing with employers, in finding prospective employees or in dealing with the Labor Department?

Mr. **Dingman**. We have had no problem in meeting our NAB goals every year. At about this point, we are about 45 percent of our goal this year. That is not a problem. We have had difficulties in the recruiting area which John Duncan mentioned, and CEP's inability to come forth with hard-core unemployed people. Our employers have been rather innovative. They have gone out and found their own people through other resources such as the urban league, the OIC, the county welfare department, and other resources.

The problem as I would see it, is a need for the types of supportive services that a hard-core unemployed person must have if he is going to maintain a job.

The training to be to work on time is one, and the willingness to accept instructions, the ability to associate with and work with others, which are all a brand new experience.

These come in varying degrees. Some of these people can be put right into the work force and with very little extra supportive service can become successful. Others may take as much as 12 weeks of orientation, training, and supportive services before they can be put into the work force without any followup.

So there is no absolute criteria here. We have to deal with every person as an individual and surround him with those supportive services that are appropriate to his circumstances.

Mr. **Steiger**. Do you want to specifically comment on the Employment Service? In your judgment, have they done a good job in helping you find those that you need and in following up?

Mr. **Dingman**. I don't think we can answer this question at this point, Mr. Steiger, because CEP has not had the direct responsibility.

Now in Milwaukee, the Employment Service has the responsibility and we know exactly where to go.

Mr. **Steiger**. The problem before that has been the relationship between CEP, the Employment Service, yourselves and everyone else.

Mr. **Dingham**. Because no one was in charge.

Mr. **Steiger**. Has the OIC done a good job in Milwaukee?

Mr. **Dingman**. It has done a very effective job.

Mr. **Steiger**. Do the NAB employers use the facilities of the OIC?

Mr. **Dingman**. Yes; they do.

Mr. **Steiger**. To a limited extent? To a great extent? What are the problems in the OIC operation?

Mr. **Dingman**. I am not aware of any serious problems in Milwaukee with OIC at this point. They are doing a good job of preemployment training and conditioning.

Their people come to an employer with some qualifications that they would not have if they had not been exposed to the OIC program.

As a group of employers, we have not attempted to evaluate objectively the performance of OIC for any given period of time. This is merely a reaction we get back from employers. They say, "Yes; we are getting results from OIC, we are getting people."

Mr. DUNCAN. We do not have a consortium and many of these people make contracts and we have no way of knowing with whom or anything about the results. They contact with the Department of Labor and the employers and they do not go through us.

Mr. STEIGER. Lastly, of the 4,000-plus you could in terms of your own figures, what percentage were blacks, what percentage were Spanish and what percentage were white?

Mr. DINGMAN. At least 80 percent are black. A relatively small percentage would be Puerto Rican or Spanish American because we have a very small population in that area. The balance, probably 15 percent or in that area, would be white.

We have disadvantaged white people in Milwaukee as well as other groups.

Mr. STEIGER. I am well aware of that, but 80 percent are black?

Mr. DINGMAN. Yes.

Mr. STEIGER. Mr. Sydnor, on the public service employment statement you make on pages 5 and 6, you indicate that you support the public service components in both the administration bill and in my bill, while opposing that which broadens the concept of the employer of last resort in Mr. O'Hara's bill.

What I would be interested in would be a reaction from you as to the statement made by the National Association of Manufacturers in their testimony before this committee on the question of public service employment.

Mr. SYDNOR. I am not familiar with that statement, sir. Could you give me the benefit of a summary of it?

Mr. STEIGER. I should have had it with me. In essence, as I recall the statement—I don't want to be held to the exact quotes I have from their statement—they came down in support of an expanded public service employment segment of any manpower bill, saying that they felt that manpower training and job creation were both of importance in terms of the overall manpower effort of the Federal Government.

Yours is less direct than that in terms of your support of the concepts that are already being used in public service employment either in the JOBS program or in New Careers or NYC, some of the ongoing public service employment opportunities that now exist.

Do you think we should go beyond that and are you prepared to say on behalf of the committee and the chamber that job creation does belong in a Federal governmental manpower training program?

Mr. SYDNOR. Again, are you speaking of Government jobs, public sector jobs?

Mr. STEIGER. Public sector jobs; yes, sir.

Mr. SYDNOR. Our point we made before you came in was particularly in the area of State and local governments, our best indications are that there is a very sizable increase coming because of the additional services and because of activities in pollution, control and so forth, as an example.

Next to the service trades, that next area is the one which will have the largest increase without forcing anything or looking for new jobs.

You just have this demand on the part of many of the local and

State governmental activities. I assume there will be some increase in Federal jobs over the next 5 years just as we have had in the last 5 or 10.

So it seems to me if the Federal Government and the local and State governments as we again suggested will look at their job entry requirements and their specifications for holding such jobs, perhaps many more of these slots could be opened up for the hard-core unemployed.

We don't go so far as to say, and in fact, we oppose the idea, certainly, at this point in the economic situation of a Federal Government or local and State government becoming an employer of last resort.

Mr. Steiger. That is all. Thank you, Mr. Chairman.

Mr. Daniels. Thank you, gentlemen. We are happy to have you here.

Mr. Sydnor. Thank you for the opportunity to appear.

Mr. Daniels. Our next witness is Mr. Gordon Nesvig, director of personnel, Los Angeles County, Calif.

STATEMENT OF GORDON T. NESVIG, DIRECTOR OF PERSONNEL, LOS ANGELES COUNTY, CALIF., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES AND LOS ANGELES COUNTY, CALIF.

Mr. Nesvig. Mr. Chairman and members of the committee, I think I should start by telling you that the county of Los Angeles is one of the largest local governmental agencies in the United States.

We employ over 70,000 people and we have a budget of over $2 billion in the latest projected budget for the next fiscal year so we are a larger employer in the public sector.

I appreciate this opportunity to appear before you today.

On January 7, 1970, I made a presentation at the U.S. Senate manpower hearings held in Los Angeles. Rather than repeat that presentation, I would like to submit written copies of it for the record.

Mr. Daniels. Without objection, we will place your full statement in the repord at this point.

(The statement referred to follows:)

Statement of Gordon Nesvig, Director of Personnel, Los Angeles County, Calif.

Mr. Chairman and members of the Subcommittee, my name is Gordon Nesvig, and I am Director of Personnel for Los Angeles County, California. I am here today representing the National Association of Counties and its 21,000 members in support of H.R. 13472, the Manpower Training Act of 1969. In addition to my prepared statement, which I would like to submit for the record, I would like to share with the Subcommittee some of our general opinions and local experiences in dealing with the myriad of Manpower programs that, because of their fragmented and uncoordinated nature, have failed to make an impressive dent in local unemployment levels.

Manpower training and development—that name we have created to round up a vast array of programs and concepts—is inextricably linked with such other equally broad fields as welfare and unemployment. We have separated these huge problems from each other merely to look at them in manageable places, but we must never forget that they are greatly intertwined. On the other hand, we cannot allow the vastness of the whole problem, which we might call poverty, to overwhelm us and thereby keep us from doing anything at all to overcome it.

The report of the National Advisory Commission on Civil Disorders recognized the crucial implications of unemployment for public economic policy. In the words of this report: "Unemployment and underemployment are among the most persistent and serious grievances of our disadvantaged minorities. The pervasive effect of these conditions on the racial ghetto is inextricably linked to the problem of civil disorders." On the local level, we are well aware of the problems of the poor, the economically and socially disenfranchised, the unemployed, and the underemployed. They beseech us daily for services and assistance. Yet, it seems that every time the Federal government has looked into the unemployment and manpower problems facing all of us, it managed to create dozens of manpower programs with different requirements, techniques, aims and rewards—and each responsible to different federal agencies, funded from different sources, and administered by every type of public or private agency we could manufacture. It appears that every time we saw a problem, we created a new program which was supposed to handle it, without regard for existing programs or consideration for the new program's ability to fill the newly observed need.

In an attempt to deal with this excessive proliferation of categorical programs, duplicative administrative systems and an overcentralized and uncoordinated manpower programs system, the Administration has proposed a comprehensive new Manpower Training Act. As set forth in H.R. 13472, this Act would:

1. Consolidate major manpower development programs;
2. Provide flexible funding; and
3. Decentralize administration of manpower services to states and metropolitan areas.

The National Association of Counties strongly endorses these basic principles of Manpower Reform.

Faced, the way we are, on the local level with providing services for an over-expanding community need, we too have been looking for ways of making manpower programs meet the needs of our citizens in ameliorating their personal plight, and in strengthening the basic public economy.

The National Association of Counties, meeting recently at their annual Legislative Conference in Washington, D.C., discussed policy positions relative to any national manpower programs reform. A National Task Force on Manpower presented basic principles of reform that would be necessary to make any manpower program viable. At the top of a list of ten positive principles that any manpower bill should have, was a guaranteed job after training.

Although data are sparse supporting the notion that a "training only" program is the least desirable of all manpower programs, several observations can be made:

1. Occasionally, programs are initiated for training areas where there are no severe shortages;
2. Occasionally, prospective employers do not know the existence of such training programs and do not hire the graduates; conversely, the graduates are unable to find employers with jobs;
3. Frequently, the training is not pertinent to the job requirements of prospective employers, i.e., the training is generic, rather than specific;
4. Training stipends are considerably lower than reasonable income standards, and people are unable or are loathe to remain in a training program, especially when there is no guarantee of a job at its end:
5. Training programs without specific jobs create a new kind of person: the "professional program participant," who either voluntarily or involuntarily moves from one program to another, but never to a job.

Juxtaposed against this is the program which insures having a job at its end. Such a program not only provides an inherent enticement to the participant to complete the program, but it provides to the participant a direct means of coping with, and overcoming the "system." The person in a job begins to acquire that valuable commodity known as experience. He acquires both seniority and rights for vacation and other purposes. And, most important of all, he becomes essentially self-sufficient, or is launched in that direction.

The JOBS Program and other programs are beginning to build upon what was learned from earlier manpower programs of various kinds including, for example, the New Careers Program. Although the New Careers Programs provided wages for participants (as well as training money), it did not have built into it a guarantee. Administrators were not compelled to find the ways and means of keeping new careerists. Although such guarantees are not yet attached to any manpower program, the fact that some programs urge employers to hire first and train afterwards, is very attractive. Many unknowns are removed, and the process of recruitment for manpower programs is made a little more easy. The "job first" concept insures a somewhat greater return for the manpower dollar.

It is not suggested herein that all programs without job guarantees be terminated. The basic thrust of the argument here is that programs which provide for the immediate or early hiring of participants are very attractive. There are many communities and many situations in which other kinds of programs must be pursued.

Also high on the list of our basic manpower development principles, and a way of solving needs of the first principle, is the need for specific emphasis on public service employment. State and local governments engage in a vast and growing number of activities, ranging from education to air and water pollution control. In 1965, State and local governments spent $87 billion and employed nearly 7.7 million workers. Over the ten-year period from 1955 to 1965, expenditures rose by $30 billion, and employment grew by 3 million. In the coming years, state and local governments will be called on to supply even more services. Population growth and rising personal incomes will be partially responsible, along with demands for more urban redevelopment, better fire and police protection, less crowded schools, and improved medical care and facilities. County government is becoming increasingly important in the furnishing of these services to the people. There seems to be an increased confidence of the people in the ability of counties to perform functions efficiently, as a result of reorganization and modernization of county structures in many areas. But probably most important is the realization that counties are logical areas for the performance of area-wide functions, resulting in a quite noticeable trend toward transferring functions from smaller units of government. In an attempt to provide an expanding variety of services to the community, county government has felt the strong pressures for manpower development. In the five-year period from 1962 to 1967 alone, the total employees of all the counties in the United States increased 24% as compared to an increase of 15.5% for all the municipalities. If county services are to expand to meet the growing needs, then financial and program support will be essential. Public service employment must be developed in order to allow for job development and improved governmental services at the local level.

Identifiable potential jobs could be created in almost every department of county government to provide and expand the services that counties do not provide now, but are being asked to respond to every day. Los Angeles County's various human services departments could immediately absorb 2,220 New Careerists to be utilized in our service delivery systems. Half of the identified potential jobs would provide services that the County does not provide now. The remainder would be expanding the outreach of services traditionally available from the agencies, but limited because of manpower shortages. These service jobs are not "make work" jobs—rather, they are a response to the crying needs of the community, and I dare say that each of our 3,049 counties could cite similar examples. Gentleman, the need is there. We would definitely support a major program to create hundreds of thousands of public service employment jobs.

The National Association of Counties has always operated under a basic principle that elected officials with their responsibility to the electors, must control programs within their jurisdiction. Operating from that basic premise, we believe that the determination of an area prime sponsor (as defined in this bill) should be determined by the area's elected officials so that the program can focus on total metropolitan areawide needs. And, in the same light, we believe that state-administered manpower programs should be controlled by the Governor.

As elected officials, you are well aware of the need for programs that are responsive to the needs of the citizens. Responsibility can best be guaranteed through the auspices of elected officials at each level of our federal system. As we explained earlier, county government is increasingly responding to the area-wide needs of our citizens. With the continuing out-migration of people and industry to the suburban areas of the nation, it seems logical to conclude that counties will continue to have a large role in the developing and providing of job opportunities for the unemployed city dweller. Statistically, almost half (113) of the 233 Standard Metropolitan Statistical Areas (SMSA's) are single county jurisdictions. An additional 40 SMSA's are composed of two counties. And, if we are to avoid continued proliferation of programs, then we should turn to the county as a responsive level of government to coordinate areawide manpower program contracts at the local level. If it is a major objective of this bill to decentralize and coordinate manpower programs at the state and local levels, then it is of prime importance to place control in the hands of elected officials. And, specifically, the determination of an area prime sponsor should be made by the area's elected officials so that the program can focus on the total areawide needs, and be responsive to the community. We also recommend automatic pass-through of funds to metropolitan areas.

Of major concern to all levels of government is realistic planning and evaluation. In order to develop viable programs, we at the local level need built-in advanced planning conditions. Too often we have found ourselves actively engaged in a manpower training program that is meeting the needs of the community, only to have federal funds to that project discontinued and the programs closed short of their promised goals. This type of situation could be averted by providing for multiple year funding so that planning and some continuity can be built into each project. The National Association of Counties recommends that all Manpower Training programs have one-year advance appropriations and four-year authorizations, with specific figures written into the legislation at the very least for two-year authorization. Gentlemen, we don't feel that this is an inordinate request. Congress had for years endorsed advanced planning concepts in various building programs; it is time that we systematically plan programs for people with at least the same type of advance guarantee.

The concept of automatic increases of funds when unemployment reaches a certain level would strengthen the ability of all manpower programs to meet the continually changing needs of the community.

It is also important that we avoid developing National programs that all local communities must fit their needs to. This could be avoided by the elimination of categorical programs and assigned slots. Every community's needs are different. Let us not simply mandate a national program, but allow for the exploration of innovative concepts beyond strict categorical projects.

And finally, our Association recommends that a simplified payment plan be established for enrollees in any program. This would relieve added administrative problems and make manpower programs more responsive to needs of the enrollees. This would also cut down on the present tendency for enrollees to shop around from one program to another, in order to receive better benefits, rather than the appropriate training.

Next, let me cite more specific conditions and concerns within my own county.

Within the past 30 years the cost of governing Los Angeles County has soared from $94,333,218. to $1,771,142,559, larger than most States' budgets. Well over one billion dollars of that increase occurred in the last decade. Our primary source of revenue is the Real Estate Tax, now close to $10 per $100 assessed valuation.

If County services are to expand to meet the growing needs, financial support will be essential.

Although the Federal manpower commitment has grown from approximately $50 million in first year appropriations for the Manpower Development and Training Act of 1962 to about $2.5 billion in Federal manpower legislation only eight years later, a substantial reduction in unemployment and underemployment and concomitant poverty depends to a considerable extent upon more adequate manpower policy and programs.

During this period in which the Federal Government has increased by 50 times the financial resources devoted to manpower development, we have seen very little improvement on the local level. As a matter of fact, since we began participating in manpower training programs in 1965, the size of the programs funded locally has actually diminished.

Just a few months ago, one of our work experience programs was closed down completely. The program had some operational problems, but we worked them out. We developed a modified program design working cooperatively with our local Community Action Agency people. But the Labor Department said there were no funds and the program would have to be cut. We got local approval to resubmit it, but even though everyone locally thinks it looks good the Labor Department is crying poverty. Somebody ought to tell them how they can get hold of some of that two and one-half billion dollars. We only need one ten-thousandth of it for this project.

Our experience with Federal manpower programs to date has resulted in much frustration and has pointed out major inadequacies in the administration of the Federal manpower program.

As a matter of fact, there is no Federal manpower program. There are bits and pieces of a program which are administered by several departments; OEO, Labor, HEW, HUD, Defense, and perhaps others that we don't even know of. The program is further fragmented among various bureaus within these departments.

There seems to be little coordination of Federal agencies' funding, even when funds are available from different bureaus within the same department. Duplicate projects are funded, State and local agencies are circumvented, and programs proliferate without a cohesive design. This leads to ineffective use of resources and limited capability to establish information and evaluation systems for future planning.

When Secretary of Labor George P. Shultz testified before the House Committee on Education and Labor last month, he stated that the proposed Manpower Training Act of 1969 was a proposal for comprehensive manpower legislation which would "break new ground by creating a new framework for a constructive partnership between Federal, State and local governments in the spirit of New Federalism."

Supporters of the present State vocational education system immediately expressed concern that the bill did not include sufficient assurances that vocational education would be given preferential status in providing skill training and, further, that the bill could interfere with the independent status of State vocational education systems.

It is this kind of provincialism at the Federal level which makes it impossible for us to coordinate programs at the local level. When we first read the Vocational Education Amendments of 1968, we were impressed with their far-reaching implications, and saw potential applications of these new funds which could support our Neighborhood Youth Corps Program and our New Careers Program. The legislature had recognized the need for the development of close, cooperative systems between employers and training institutions, and there was a heavy emphasis on the development of New Careers models.

We attended the State hearings on implementation of the bill and saw that the plan was to keep the money with the Vocational Education people. We expressed an interest in participation but got no response. We were told we would be contacted when the guidelines were completed.

On December 23, 1969, we learned through a magazine article that the guidelines had been out for some time and that the deadline for submitting proposals for experimental programs under Part D of the VEA of 1968 was January 1, 1970. We sent a telegram to the U.S. Office of Education that day requesting a copy of the guidelines and an extension of the deadline. We received a call from Washington on December 29, 1969 informing us that the guidelines were on the way but that there could be no extension on the January 1, 1970 deadline.

This may point out a related problem. Information flow between Federal, State and local agencies gets delayed, sidetracked and distorted. This is true not only where new programs are involved, but also for established programs.

Local agencies feel shut out of the planning process and are resistant to information demands which they do not fully understand. Federal agencies do not get timely or accurate information on local programs and local needs.

We had a program funded under Title V of the EOA of 1964. We operated the program for about nine months before we saw the guidelines. During the second year, we had to re-vamp the program to meet the guidelines. We just about got through doing this when in the third year the program was cancelled. The program was being coordinated through the State. We sent reams of information to them without understanding their use. We never knew what the State needed, what the Federal Government needed, or whether the information was getting through. We subsequently found out that the program people in Washington did not get accurate information on what was going on.

Our Neighbood Youth Corps Program offers another example of the need for improved communications. The Labor Department has never really understood the capability of this program. They consistently refer to NYC out-of-school as an aging vat. They have no systematic way of keeping informed on local programs. Locally we see NYC as an innovative tool for engaging youth who have dropped out of the education and employment system. But we have been fighting restrictive guidelines for the last four and one-half years.

We currently have what appears to be the beginning of an effective model for engaging drop-outs and other estranged youth. Basic and remedial education programs are tied to work experience. Youth can explore a variety of worker roles in over twenty-five occupational are[illegible] in-service group counseling program which is well accepted by the youth helps them to integrate the work and education experience into a cohesive self-development and career planning program.

All NYC work site supervisors participate in a special in-service training program to prepare them to work more effectively with their enrollees. Our success rate seems to be growing from 40% to almost 50%, and we are well on our way to our goal of 75% successes this year.

We learned recently, however, that the Labor Department wants to transfer many of the program functions to the State Employment Service (now a part of the new California Department of Human Resource Development). Apparently Labor knows little of our local efforts and feels it is time to try something new. Locally, the Employment Service has not even demonstrated the capability of reaching disadvantaged youth, let alone counseling them. When the Labor Department cut the age limit for out-of-school NYC youth from 22 to 18, the Employment Service could not fill our program recruitment needs. We had to develop our own recruitment program through our Welfare and Probation Departments. We have learned from our NYC enrollees that the Employment Service does not have a good image or reputation in the disadvantaged community. These youth are discouraged by redtape and bureaucratic run-around.

Referrals made to use by the Employment Service frequently demonstrate a falure to meet individual applicant needs and abilities. Applicants are encouraged to accept whatever the counselor has a job order for, even if it is not at all suitable for the individual.

There is an inadequate utilization of available resources, both within the Employment Service itself and within the Community. This is apparent when we try to use the Employment Service as a resource for placement of job ready youth outside of our own employment system. Although this should logically be the role of the Employment Service, we have had to set up our own job development function in order to provide outside employment opportunities for youth in addition to County employment.

Of the various programs we are participating in, our NYC program has been in operation the longest. We are quite proud of the model which has evolved, but it has evolved under the most adverse circumstances. A quick description of these circumstances may give you an understanding of the types of problems which are common to all of our Federally funded Manpower programs.

The one year Federal funding cycle and the delay in passing the appropriations bill has resulted in erratic funding periods. During one fiscal year, the program was renewed five times. This meant the development of five budgets and the negotiation of five contract modifications. In several of these periods slot allocations were changed and new guidelines introduced. This makes it impossible to plan effectively.

As the program grew more successful, the size of the program shrank. We went from an allocation of 1200 trainee slots in 1965 to 199 slots today. The erratic funding periods and concomitant poor planning, coupled with the diminishing program size and uncertain assurance of program continuance made it difficult to maintain staff morale and keep all persons associated with the NYC program motivated toward meeting its goals.

With this climate established, it was hard to cope with conflicting guidelines and frequent changes in program requirements.

The most burdensome changes were in the area of information requirements. Federal information requirements were apparently established prior to availability of specific information or program structure, goals, etc. As Washington learned that the information they were getting did not meet their needs, new demands were made. Much time was lost in the redesign of data collection and processing subsystems. Information requirements usually exceeded the budgeted staff's capability. Important data may not have been documented in the early stages of a program. Inputs were based on rough estimates rather than documented data. During all of this, the strategists in Washington were accumulating data on local programs and concluding that NYC appeared to be nothing more than an aging vat for youth.

The conclusion amazes us, especially in light of the nature of the data collected. It seems to a great extent the Federal emphasis is on documenting how money is being spent rather than on accumulating information that would be useful in evaluating success with respect to program goals.

In September of 1967, the County of Los Angeles entered into an agreement with the local Community Action Agency to operate a New Careers project which was a part of the Concentrated Employment Program in Los Angeles.

We had gained some experience with the New Careers concept using enrollees from our NYC program and enrollees from a local community action project called the Neighborhood Adult Participation Project. We felt that the concept would be as effective as it was creative. After over two years of experience, we now think that New Careers, if viewed as an approach instead of a specific project, has greater implications for improving the responsiveness of government and reducing the problems of poverty than anything else that has come out of the War on Poverty.

New Careers is more than an anti-unemployment measure. It is an approach for meeting projected manpower shortages in human services, while at the same time improving the quality of those services. The idea that persons from the client system can provide useful service to the client system is not new and has been implemented in various settings, including the more popular Alcoholics Anonymous and Synanon. What is new is the idea that this new source of manpower for the human services can be developed through a planned sequence of work experience and training, and that this process can become an alternate route of entry into many professional service occupations. In the process, we establish college accreditation for life experience specific work experience and in-service training. At the same time, we influence educational institutions to make educational content more relevent to student employment needs, develop a variety of alternate models for dispensing knowledge and evaluating learning processes, tie educational services more closely to learning styles, and develop closer working relationships between education and employment resources.

There is currently concern that large bureaucracies have evolved to a point where they are no longer responsive to the needs of the publics they serve. The January-February, 1969 issue of the Public Administration Review has a symposium on Alienation, Decentralization and Participation. In addition to the need for change in the kinds and quality of services rendered, the articles in this symposium postulate a need for structural change in governmental systems to make them more responsive to the needs of the total constituency.

New Careerists are demonstrating that they can become the change agents for bringing about organizational adjustments. Their sensitivity and first-hand awareness of needs and their intolerance of procedures which put process before purpose enable them to critically evaluate gaps in service and pressure the system internally for the much needed change.

From a personnel management point of view, this approach enables us to make the most effective use of available human resources. It enables us to establish new routes of entry into professional occupations, leading from jobs which can be performed by indigenous community aides to the full professional level. Service objectives and goals must be reassessed. Jobs at all levels need to be re-evaluated and re-designed. Minimum requirements must be tied more realistically to job performance demands. Training needs must be more readily identified and tasks allocated to the lowest level at which they can be effectively performed. At the same time, competing models can be established to determine the most effectiveness of alternate service delivery systems.

We were glad to see that our legislators in Washington were also aware of the potential of New Careers. As you know, although the Administration had asked for a simple two-year extension of the poverty program, the bill that was approved by the House contained some new provisions added by the House Committee. The Committee Report singled out New Careers and Operation Mainstream as having "experienced an unusually high degree of success and usefulness." These two programs were removed from Title I–B in the bill and given special separate status in a new Part E of Title I. The bill specifically earmarks $110,000,000 for the programs, double the amount requested by the Administration, with $50 million going to New Careers and $60 million to Mainstream.

We'd like, at this point, to touch briefly on some of the highlights of our New Careers experience. In the first place, this experience has enabled us to provide employment and promotion opportunities to the poor, and to make our services more responsive to the needs of the poor. More importantly, it has identified new areas of service that the County can get engaged in which could alleviate, and possibly eliminate, many of our burgeoning urban problems. But these services go beyond the revenue resources of the County. Although $50 million is twice what the Administration asked for on a national level for New Careers, we could use $10 million of that money in County Government right now to develop 2,000 New Career jobs. This would include a movement into non-human service occupations as well as expansion in the traditional human service areas of health, medicine, mental health, welfare, probation, law-enforcement, community organization, and human relations, and would require a permanent Federal subsidy which could grow to $120,000,000 a year and 10,000 jobs by 1975.

Currently, our experimentation in New Careers has focused on the County's traditional human service areas. Limited fiscal resources from the Concentrated Employment Project, and the local Mexican-American Opportunity Foundation programs have thus far only allowed us to test the impact that the introduction of a non-professional service worker will have on a service traditionally provided for by professionals. Even so, the results are encouraging.

The East Los Angeles Child and Youth Clinic was established in 1968 under a grant from the U.S. Department of Health, Education and Welfare for the purpose of developing new ways to provide optimum total health services for children in specified disadvantaged areas and for their families. Though equipped in staff and facility to handle a considerable segment of the immediate neighborhood in the East Los Angeles area, the professional staff at the Clinic anticipated accurately that a problem of first priority would be to establish their presence in the "barrio" and to develop an image as a haven for local families with children that were ill. To solve this problem, the Clinic proposed the introduction of a Community Health Worker as an integral part of their staffing pattern. The function of this worker, or Health Assistant as the title came to be, would be to assist the professional staff to spread the word in the local neighborhood about services available at the Clinic, and to make patients feel comfortable and accepted when they appeared.

Within a few months after a dozen Health Assistants had joined the staff, the Clinic was overwhelmed with new patients. Far more patients, by the way, than their statistical data has led them to believe should have needed their service within the established geographic boundaries. This result has caused the Clinic to consider substantial adjustments in its service approach, including the expansion of its New Careers staff in number and in the areas of service they will provide.

In March of 1967, the Probation Department established the RODEO (Reduction of Delinquency Through Expansion of Opportunity) project. The hypothesis was that juvenile offenders, who would normally be assigned for residence in a probation camp, could, in many cases, be maintained in their own community under special supervision with at least equally successful results and at considerably lower costs to the County. The special conditions of supervision in this case called for a reduction of the caseload of a Probation Officer. It also meant a change from the traditional one-to-one counseling role of the professional to that of a catalyst for the redistribution of community and family resources, in order to provide the ward with maximum support in his readjustment. The professionals traditional role, as the counselor, behavior model and expediter for the juvenile, to a great extent was reassigned to a responsible, mature, subprofessional adult from the ward's own community, who demonstrated an ability to provide more realistic behavior goals and to teach the ward how to take advantage of available personal and community resources.

The results after the first year of experimentation in South Central Los Angeles indicated that this approach was successful in all respects. It was determined that in controlling recidivism patterns normally expected of juvenile offenders and in re-establishing the juvenile with the positive institutions in society, school, employment, etc., this approach was more successful than either the camps programs or traditional supervision methods. In rough figures, each juvenile participant in this project represented a dollar savings of $1200 per year to the County in services provided by the staff when compared to the costs of his residence in a Camp. This was in spite of the fact that the reduction of caseload ratios and attachment of New Careers staff is a substantially more expensive staffing pattern than the department's traditional supervision program.

Probation Department has since then increased its utilization of the "RODEO method", and has introduced New Careerists in various other programs with comparable success.

The Department of Hospitals, has only recently begun participation in New Careers, but indications are that this Department will be among the most enthusiastic participants in this area. At present, New Careerists in our hospitals are being trained to improve the communication and understanding between patient and physician. Physicians who serve in our hospitals, especially

"Big General" (Los Angeles County-USC Medical Center, largest General Hospital in the United States, 2377 beds, and trains the majority of physicians in the Southern California area), are beginning to question the specialist system in medicine as that system which affects the care provided residents of disadvantaged areas. Ghetto residents, because of cultural and economic deprivation, view the field of medicine as a resource of the last resort, to be used only in cases of impending death or serious illness or accident. Cast into an enormous, impersonal facility to be served after hours of agonizing waiting by a corps of busy, ever-changing, necessarily curt professionals, they find little motivation to continue participation in their medical care program. Increasing numbers of "no-shows" to follow-up clinics and return of patients to the hospital due to poor after-discharge treatment reflects the little worth that is attached to the service provided by the impersonal specialist after specialist.

New Careerists are being trained as Nurses Aides, Clinic Aides, Pharmacy Aides, etc., primarily responsible for assisting the patient to communicate more accurately and completely the source of their complaints to the doctor. They are valuable to the doctor in explaining after treatment care and motivating the patient to continue on the rehabilitation program by using the idiom and language most effectively understood by the patient. Use of New Careerists has helped uncover a peculiar heart disease characteristic to patients that have immigrated from a specific location in Mexico to Los Angeles. This research, which may lead to a cooperative project between Mexican and American health agencies, was almost impossible to conduct without the New Careerists' help.

A patient who leaves our County Hospital with a chronic or potentially recurrent ailment is rarely followed without his own initiative, outside of an outpatient clinic or when he relapses and returns in an ambulance. The Department of Hospitals is not staffed with follow-up, outreach personnel and yet, this function, or rather the lack of it, is probably a major cause of the overburdening of its in-patient services. The development of a manpower resource, recruited from within the patient population, and adequately trained, could provide this function and relieve many of the related problems.

The newly arrived residents were reluctant to share their immigration information with professionals because they feared that this would have an adverse effect on their alien status. New Careerists, former aliens themselves, and conversant in immigration laws, were able to alleviate these fears and complete the research.

Sixty percent of the prescriptions issued at the hospital's pharmacies can now be labelled and explained in Spanish as a result of cooperation between a multilingual computer and bilingual New Careerists.

The hospitals are facing the critical point in the problem of the shortage of physicians. Medical schools are increasingly unable to graduate enough doctors to fill the enormous need now reflected in the service problems of our facilities. The prospect for improvement of this situation in the traditional way is dim. Medical administrators are seriously considering a comprehensive re-evaluation of the existing roles played by medical and technical staff in hospitals to determine to what extent non-professionals, well-trained and seasoned with sound experience, can alleviate this problem.

The Department of Public Social Services is staffed with New Careerists as part of the services function in thirteen districts in the County. Their involvement ranges from being interpreter, assistant counselor and resource agent to assuming in some areas almost total responsibility for serving a full caseload of clients requiring minimum services. The DPSS has demonstrated that a well-trained New Careerist can successfully relieve the professional Social Worker from his inappropriate traditional roles of family and client counselor, housing and employment agent, and budget advisor. This adjustment in roles allows for more profitable utilization of the conceptual skills of the college graduate to deal with the broader problems of relieving the local causes of deprivation. It aso results in more extensive and relevant services to the client provided by the New Careerists since the New Careerist himself, often a former client, brings a wealth of experience in the hard techniques of surviving on a welfare budget.

The Department has also seen the value of the New Careerist as a vehicle for more effective communication of the interest of the agency in the welfare of the client. Complaints that used to either go unanswered or were handled by routine response are now more effectively handled personally by the New Careerist, and as a result, fewer appeals are being submitted by frustrated clients.

Based on their positive experiences, the Department, as with most of our New Careers Departments, is able to speculate on the expansive potential that the New Careers concept holds for dramatically decreasing the breach between its long-range service objectives and its ability to meet them with traditional service approaches. Rather than concentrating efforts on remedial welfare services, the department would, with sufficient staff and funds, be able to enter the areas of preventive and rehabilitative welfare services. Already, New Careerists are helping to identify how their unique role can be instrumental in reducing the epidemic of the welfare and poverty cycle. With more support in planning staff and program manpower, the agency could begin to more effectively attack many of the root problems of the disadvantaged.

Homemakers, heretofore assigned to assist with the physical maintenance of a disabled client's home, represent a natural vehicle for the extension of these preventive welfare services in the home. Trained in techniques of home health care, asepsis, employment counseling, budget management, preventive health care, they will be equipped to identify and deal with idiosyncracies of the welfare family that contribute to their continuance on the welfare rolls. They can provide, in the most effective manner, the kind of positive direction to welfare families that our service professional cannot afford to offer because of their overwhelming workload.

The Probation Department sees the New Careers concept as among the most successful methods of meeting its responsibilities as currently legislated. With the freedom of fully supported research, many of the premises postulated during the RODEO experience could be developed and tested as a basis on which to expand and increase the effectiveness of its services.

The Mental Health Department, faced in this decade with the responsibility of combatting a serious urban malady—emotional illness anticipates that its role as an agency will change from that of a consultant to a *provider* of service. The immediate focus will be to deal with patients who may be a danger to others or to themselves. But a total and effective assault on the problems of mental health by this department calls for a massive expansion of its area of responsibility. It calls for training hundreds of auxiliary, non-professional technicians to not only be available to deal with persons with a critical need, but also to identify symptoms of impending emotional crises and connect those persons with the appropriate resources to secure professional treatment.

Our recreation and parks establishment recognizes the critical role it must play more aggressively to solve the problems of the cities. Youth, whose contact with the establishment is marginal, the potential delinquent or school dropout, needs recreational activities designed especially for him. Los Angeles, already crippled with the least amount of park area per capita of any city in the nation is unable, because of the budget limitations, to make maximum use of the park and recreation area available with imaginative and non-traditional experimentation, plus the wherewithal to buy the public service manpower needed to implement these approaches. The Department of Parks and Recreation, as with all our human service departments, could begin to meaningfully utilize the available manpower in our disadvantaged communities in an earnest effort to eradicate the ills of our country.

Although we see a great deal of promise in New Careers and have met with some short-run successes, this program, like NYC, has been plagued with problems created by poor Federal administration.

Over the past few years, we have developed 450 permanent New Careers jobs in County departmental budgets. This has enabled us to hire over 90 percent of our program graduates. Since continued participation requires the commitment of local funds as well as increased Federal revenues, it is necessary that the hypotheses regarding program benefits be systematically assessed, and that the social and economic effects be carefully weighed so that priorities for the allocation of available funds can reasonably be set.

How can this be accomplished with sporadic funding cycles, program extensions of two to three months, no planning money, no evaluation money, no technical assistance, poor communications through a multitude of levels in the Federal system as well as the State and local prime sponsor?

From the onset, we contended that New Careers was an inappropriate program for funding through CEP. A portion of the available overhead was siphoned off to support elaborate job development and referral systems which were not required in New Careers. The user agency hires all of the trainees.

All resources should be available to the public employer as they are to the private employers in MA–5 contracts in the JOBS Program.

The CEP boundaries cause restrictive restraints to program expansion. Participating departments want to hire indigenous aides from other poverty neighborhoods which they serve. Our Model Neighborhood staff is required by HUD to use residents of the Model Neighborhood. The CEP boundaries are contiguous with, but do not overlap, our Model Neighborhood boundaries. Federal guidelines indicate that CEP boundaries can be expanded to include Model Neighborhoods but Labor says we have to work through the local Sponsor and the local Sponsor says the guidelines won't permit it.

There is talk at the Federal level of improved coordination and communications, and improved program linkages. The elaborate time-consuming systems which have been worked out for coordination appear to require more effort than a simple call to an operating agency to identify program progress and needs. The only reward evident in these systems is that they shelter the program funders in Washington from the critical review and analysis of local program operators.

In the midst of all of our coordination locally, we have been unable to get our Manpower Director invited to the local CAMPS group.

NYC youth who complete their stay in the program and who demonstrate capability for New Careers training cannot be referred to our New Careers Program because they generally do not live in the CEP target area.

The cutback in age limit from 22 to 18 on the NYC out-of-school program leaves us with limited programming capability to accommodate 18 to 22 year olds. The Federal programs which were to fill the gap are not yet operational.

An NYC youth who has completed his stay and is not yet job ready must be referred back to the State Employment Service. Even if an additional few months might prepare him for a parmanent job with the County, program time limits require termination. So youth are referred back to the Employment Service where they are re-routed and reshuffled. It is no wonder why they soon throw in the towel and drop out of the job market; another hidden statistic that keeps the unemployment figure from looking bad.

In the midst of all this confusion, we are being approached constantly by various Community Action Agencies within the County who are looking to develop employment programs with us, or by community groups which have been funded by a CAA, but have no job-training placement opportunities for the slots they have received. Can they use County departments to train their enrollees? This could result in a County District Office having 15 trainees from ten different programs, all of which have slightly different schedules, job site demands and reporting requirements.

While these requests are being evaluated (and consistently turned down), the County is unable to get an adequate number of slots to justify a minimum size administrative staff that could organize and implement a comprehensive manpower program within County government.

The establishment of WIN as a new part of the national manpower effort which operates apart from, but coordinates with, other elements of the Manpower Program demonstrates another splintering of the total manpower effort.

A whole new level of bureaucracy has been established to coordinate WIN placements. The Employment Service staff get welfare referrals whom they process, counsel and refer to other manpower program centers where they are processed, counseled and referred on to operating programs. To the maximum extent possible, WIN will use the existing resources of NYC, CEP, MDTA, JOBS, etc. The WIN Program also provides for development of additional work experience and training sites beyond those available through existing resources.

The County has been working with the Employment Service to identify possible WIN enrollee placements. But there is no money available to support in-service training efforts, or to cope with the administrative problem of separation of programs within County government so as to ensure individual program standards are being met, evaluate results, and fulfill appropriate reporting demands. All of the available funding support in FY 1969 went to the State to support the new WIN bureaucracy in the Employment Service and to provide for training through the State Department of Vocational Education.

The $21,325,000 available to California in FY 1970 is similarly earmarked. It is no wonder that few employers have been able to make the commitment to participate. Because of our limited revenue resources for training purposes, we can only participate in a marginal way. It is too bad that the model recognized by the Labor Department as being effective in the private sector's JOBS Program ("put the entire training job into the hands of the employer"), is seen by Labor to be inoperative in the public sector.

If the County, as a large employer (over 65,000 employees), were funded directly to provide training and employment for 2,000 persons, a coordinated system could be developed in which we could accept referrals from WIN, CEP, CSES, Welfare, Probation, etc. and provide a resource for the training and hiring of their referrals. This would avoid the splintering of programs within an employment source, and enable that employment source to focus all of its resources on the problems of training and hiring. Although the concept of coordination is essential, we have been coordinating at the wrong level. When we set up coordinating agencies, coordination gets confused with administration. Perhaps we ought to think in terms of facilitating, rather than coordinating.

Of the 23,781 eligible welfare recipients we have referred to WIN, only 9,500 have been accepted for participation. About 6,200 of this 10,000 are currently participating in some type of program or training activity. The number placed in permanent jobs since the program began one and a half years ago is approximately 2,400, of which some 900 have been removed from welfare as a result of this employment.

The WIN model appears to be heading in the same futile direction as many of the previous programs; training jobs with no commitment for permanent jobs. Our welfare recipients and "hard core" unemployed have heard that before. "When the funding goes, the job disappears." And round and round we go till the next program.

An independent local task force set up by the County's Commission on Delinquency and Crime discovered in 1968 that of some 8,000 plus Federally funded training jobs, only about 400 had permanent job security tied into the program. (About 300 of these were in our New Careers Program.)

The trainees in the various programs had been in and out of many "training jobs" that folded over the past few years. Thousands of Head Start jobs were created only to prepare community people for non-existant careers. The jobs just weren't there. The large employers were not sufficiently involved in the planning and program implementation processes, etc., etc.

There needs to be a recognition, which the Manpower Bill of 1969 doesn't seem to make, that the identification and development of real jobs must be tied to any job-training efforts.

Mr. Nesvig. Since January, we have gotten together with manpower specialists from other counties around the country. The result is the position paper on manpower presented by the National Association of Counties (NACO) which we in Los Angeles fully endorse.

I have been watching with interest the growing gap between the philosophy of local control proposed in the administration's manpower bill and the actual performance of the Labor Department in the operation of its manpower programs.

The administration's manpower bill grants flexibility to State and local government in the design and conduct of training programs, but at the same time, the Department of Labor has promulgated a series of changes in the standards and guidelines of the concentrated employment project and Neighborhood Youth Corps program which tend to make programs more uniform nationally, and thereby restrict the options left to local contractors.

The Labor Department in redesigning its procedures seems totally unaware of the content and results of our local programs. It is this kind of Federal direction to manpower programs which I hope the new bill can obviate.

I think it important that the Federal agency given responsibility for administering the manpower effort develop goals and specific standards for determining funding priorities.

The Federal agency can also develop procedures for assessing the effectiveness of local performance and should have responsibility for monitoring and evaluation.

However, since local conditions vary from community to community across the country, it doesn't seem practical to develop the details of operation at the Federal level.

The much talked about public services career programs is a case in point. Parts "A" and "B" of the Labor Department public services career program provide for a hire-now, train-later program similar to the JOBS program in private industry.

The procedures laid out by the Labor Department for this program preclude participation by the county of Los Angeles.

We cannot hire directly except through our established merit system procedures. We have demonstrated in our New Careers program, a program in which we have already hired 300 successful graduates and anticipate hiring an additional 150 before the end of the calendar year, that we can within the framework of our merit system meet the objectives of the public services career program. However, without flexibility in methodology, we may never get to participate.

In addition to the conflict that I see between the administration bill's proposal for local control of the planning and operation of manpower programs, and the administration's Federal control orientated behavior, I see another major problem related to the administration's lack of awareness of local political structure.

Arnold Weber recently told the U. S. Conference of Mayors that President Nixon wants city mayors to be chiefly responsible for manpower programs in metropolitan areas.

I am sure that the purpose behind this is to provide large city mayors who have a variety of related economic and social program responsibilities an opportunity to coordinate in the manpower effort with their other related responsibilities.

However, in the county of Los Angeles, it is county government that provides welfare, probation, health and hospital services to the residents of some 72 cities, including the city of Los Angeles.

The core city generally referred to is not as neatly packaged in Los Angeles as it may be in other parts of the country.

In addition to Los Angeles City, we have concern regarding poverty conditions in many other cities within Los Angeles County.

The Office of Economic Opportunity, for example, has considered the problems significant enough to fund five community action agencies within Los Angeles County. The cities of Long Beach, Pasadena, and Compton have their own community action agencies.

In addition, a large proportion of the over one million residents in county unincorporated areas live in impoverished conditions. This was recognized by HUD when they provided Los Angeles County with a model neighborhood grant for the unincorporated Willowbrook and Florence-Firestone areas.

The cities and unincorporated areas mentioned above are all part of the Los Angeles SMSA. The emphasis on giving the manpower responsibilities to the large city mayors could create many problems for us in the local Los Angeles area.

The California constitution contains a joint powers provision which enables cities, counties, and other governmental jurisdictions to form a joint governmental authority where coordination is needed to perform a specific mission.

It would appear that a joint powers authority would be a far more effective method for coordinating manpower programs in Los Angeles.

In addition to local cities and the county of Los Angeles, we could involve the schools and appropriate State agencies. This would enable us to tie together not only those manpower programs in the administration's comprehensive manpower bill but also the work-incentive program, and the resources of the Vocational Education Act and the Vocational Rehabilitation Act.

We believe that with true planning and coordination at the local level, no single agency can become the presumptive supplier of manpower services, a role proposed in the administration bill for the employment service.

Those employers and/or educational institutions participating in various aspects of a comprehensive local program should determine the types of resources required from an outside agency for their program participants after reviewing their own capabilities for meeting identified needs.

We are having a variety of problems now in Los Angeles County where well-meaning members of employment services "employability teams" are attempting to run through county departments to advise MSW social workers and probation officers on how to counsel a trainee.

Another major problem I see in the administration's manpower bill is the fact that the emphasis is on training as opposed to employment.

Our experience in Los Angeles is that this type of legislation can only increase the frustrations of the poor who get shuffled around from program to program with very little likelihood of landing a permanent job.

With the current curbs being placed on the growth of our economy, I see the development of training programs without the commitment of concomitant jobs as futile. This approach can only help to raise the skill level of the unemployed.

It should be required that all training programs developed under the manpower bill that this committee sponsors be coordinated with employers who can make the commitment to hire successful program graduates.

I would also like to reemphasize at this point the agreement I have with the provisions in the O'Hara bill for a public services employment and job creation program.

In the testimony which I have submitted for the record, we identified over 2,000 public service new careers jobs in Los Angeles County government that we could develop almost immediately.

We estimated that the cost of supporting these positions within county government would be approximately $10 million per year.

I believe this cost would be far offset by the savings in welfare costs, the economic benefit generated by a person off welfare, and the social benefit of expanded human services in a wide variety of critical need areas.

Based on the approximate proportion of Federal dollars that generally reaches Los Angeles, first-year costs for such a program could run approximately $2 billion nationally. Should the expansion we see in the development of public service jobs through expanded local services materialize, the national cost could grow to approximately $10 billion by 1976 and would involve the development of over 1 million jobs.

One of the important points in the NACO recommendation that I would like to emphasize before closing is the need for multiple year funding.

Effective planning requires adequate leadtime for planners to define or reassess needs and determine the mix of resources which must be deployed to meet these needs. This coupled with the time lag experienced in implementing or modifying programs requires that at least a 2-year planning cycle be built into manpower legislation.

Our experiences with the manpower programs funded under the EOA of 1964 have been frustrating. These programs are refunded two to four times per year. With this type of sporadic program renewal, it is somewhat miraculous that some projects actually show positive results.

The project staffs seem to spend more time negotiating proposals and contracts than they do working on programs. It is no surprise that programs are poorly defined, even less adequately evaluated and practically never improved based on systematic analysis of past performance.

The three bills which I have reviewed indicate a consistently positive move in the direction of improving the current manpower situation.

The comprehensive manpower legislation which this committee will soon propose probably represents one of the more difficult tasks before the Congress today.

It is legislation that is much needed to help us cope with our exploding urban problems at the local level.

Thank you.

Mr. Daniels. Mr. Nesvig, I want to thank you for a very fine summary of your prepared statement.

As you know, we have three bills before us, the administration bill introduced by Congressman Ayres, a somewhat similar bill introduced by Congressman Steiger, and a third bill by Congressman O'Hara.

You know the administration bill and the Steiger bill place great emphasis on decategorization and decentralization as opposed to the O'Hara bill which retains jurisdiction over development, operation, and supervision of these programs in the Secretary of Labor.

Would you care to comment on which philosophy you endorse and support?

Mr. Nesvig. We feel basically the direct funding is a good thing as long as it gets to the local agency.

We feel that it is not necessary in some of the areas in the country to go through a State agency.

We also feel that the Employment Service, particularly in California, is not as effective as it could be in this regard.

So we do have a certain amount of direct results that we can point to as far as making the manpower programs work.

So, to that extent, we think that the control and the auditing of the program should remain at the Federal level and the implementing of the program should be at the local level.

Mr. DANIELS. The administration bill provides for a triggering mechanism whereby if unemployment reaches 4.5 percent, an additional funding of 10 percent is authorized.

Do you care to comment about that objective?

Mr. NESVIG. I really do not have any real point of view on that, Mr. Chairman.

Mr. DANIELS. Do you have any recommendations to make regarding the improvement of any provisions of the three bills before us?

Mr. NESVIG. Only those which we have outlined. We feel that the majority of the legislation is good. We think that the automatic pass-through of funds for all metropolitan areas should be encouraged.

We think specific emphasis on public service employment should be retained.

I think most of the people who testified today adhere to that point of view.

We think that we are in a service area as far as counties are concerned. We can produce the jobs that are meaningful for the people involved in the disadvantaged areas because we do produce jobs that do produce service in the areas that they are familiar with.

So we can create career employment for the disadvantaged, and we think we should not ignore that.

Mr. DANIELS. The last witness, Mr. Eugene Sydnor, commented that in the public service area employment should not be provided simply as a means of last resort.

I would like to have your view on that statement.

Mr. NESVIG. We agree with that. In the county of Los Angeles, we have created opportunities for the disadvantaged. We have identified over 2,000 jobs in the county of Los Angeles that can create permanent employment as career opportunities for these people.

We have changed a lot of our civil service specifications so the job-related experience they get on the classifications that we set up can substitute for education and for a related experience in the professional series so that ultimately they can go as far as they want in a professional series.

We find that particularly in the social services areas, in the probation areas that the individuals that we hire out of these programs are more effective in some cases than the professional individuals who are college career people in the social services.

So we do subscribe to the New Careers concept where the career ladders are provided for the individuals and so that the jobs are not dead-ended.

We find no difficulty as was discussed this morning in employing custodians out of the disadvantaged area so we don't think the manpower program should be pointed in that direction.

That privilege, if it can be called such, is already available for the disadvantaged, so we feel that meaningful employment is the thrust that should be taken in these areas.

Mr. DANIELS. On behalf of the committee, I wish to thank you for your testimony here today. The committee will stand adjourned until 9:30 tomorrow morning, April 30, and will meet in this room, 2175, Rayburn Building.

(Whereupon, at 9:30 p.m. the subcommittee recessed, to reconvene at 9:30 a.m., Thursday, April 30, 1970.)

MANPOWER ACT OF 1969

THURSDAY, APRIL 30, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:45 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, O'Hara, Hathaway, Gaydos, and Steiger.

Staff members present: H. D. Reed, Jr., general counsel; Charles Radcliffe, minority counsel for education; Austin Sullivan, staff assistant; Donald Baker, associate counsel for labor; Cathy Romano, research assistant; and Suzie Nelson, research assistant.

Mr. Daniels. The Select Subcommittee on Labor will come to order. This morning we continue hearings on important legislation to establish a comprehensive manpower development program.

We have scheduled several distinguished witnesses, Members of the House of Representatives, to appear here this morning to give us their views on this important legislation.

I am pleased to welcome my distinguished colleague from the State of Florida, representing the 11th District, who has not only been deeply interested in the welfare of the people of this district, but the United States of America.

STATEMENT OF HON. CLAUDE PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Pepper. Thank you very much, Mr. Chairman. Mr. Chairman, and members of the committee, I welcome and appreciate this opportunity to testify today on the three manpower training bills before you. I am awed by the amount of work and the length of time you have spent considering this vitally important legislation.

It is my hope today that I may convey to you the urgency which the Select Committee on Crime feels about these bills. My work as chairman of this select committee has given me a unique opportunity to observe the relationship of unemployment to costly crime.

The administration must be commended for realizing that a more effective delivery system will result if the various manpower activities of the Federal Government are centralized.

A comprehensive approach, a gathering in of the various programs that spin around in the Federal bureaucracy, is an important step in making these programs work successfully.

The problem which this legislation attacks—the problem of people without jobs or the means to acquire them—is one of our most pressing concerns.

Mr. Chairman, I always harken back to the Full Employment Act of the year 1946, when the Congress committed this country, not to what they say they do in the Soviet Union, guaranteeing everybody a job, but in America to guaranteeing everybody an opportunity to get a decent job, if he is ready, willing, and able to take such employment, to creating the kind of climate and maintaining the sort of economic climate in which a decent job opportunity would be available to every person ready, willing, and able to work.

The people who are getting along very well, and not out of jobs, are the ones who say the present 4.2-percent unemployment rate is a tolerable rate.

But an unemployment rate of 4.2 percent means that 3.4 million persons who want jobs don't have them and that 3.4 million persons are without a means of supporting themselves or their families.

Each of 27 of our States has a population smaller than 3.4 million—the number of people out of work in the whole country.

And I might add there is serious question that the official figure of 3.4 million even begins to approach the actual situation. Some persons have been unemployed so long that they despair and drop out of the pool of those actively seeking jobs. And by the magic of statistics, these persons are no longer counted as "unemployed." Last year there were about 600,000 of these "discouraged workers" according to the Labor Department.

Mr. Chairman, you who have taken such a distinguished leadership in doing something for the elderly of this country are aware of how many of the elderly, people above 65, would really like to have an opportunity to work, part time at least, and who even generally do not have employment available to them.

Add to this to the 600,000 discouraged workers, those poor and transient persons who were never counted in the 1960 census, which the Labor Department uses to calculate the size of the labor force, and who are not counted as unemployed today, and you have a picture of gloom and desperation for millions and millions of citizens of the world's richest and most productive nation. The situation is such that it can only be labeled a national shame.

As if these arguments themselves were not sufficiently persuasive to demand a solution now, and I think they are, there are other arguments, dollars-and-sense arguments. I would like to address myself to only one cost of unemployment with which I am all too familiar, crime.

It has been estimated that organized crime costs this country about $30 to $50 billion a year. That is a staggering sum. And while the Nation is finally responding to the need to spend more to fight crime, the outlay for police, courts, corrections, and related activities nowhere begins to approach the multibillion dollar loss.

Mr. Chairman, in one of the presidential commissions reports, the typical criminal, I mean the average man who is in prison today, is described in this manner: He came from a broken home, school dropout, unemployed, and formerly an inmate of prison.

Nearly all of them have been through a period of unemployment.

I say to you that one of the most effective deterrents to crime is work. A man with a meaningful, well paying job, a man with a vision of a better life for himself and his family, is not a man likely to become a criminal.

On the other hand, a man who has repeatedly sought work and failed, a man who sees the future in terms of his desperation of the present, is all too likely to engage in criminal activities.

In many cases, it is really quite simple; a man with nothing, and with no respect or prospect of acquiring anything, steals. And how we do calculate the further cost—in terms of loss of self-respect, in terms of loss of initiative, and of a man without a decent job.

And by the way, what does this mean to a family, Mr. Chairman, and members of the committee, for the children to see a father who is not able to get a job and not able to have a position of respect and to provide for that family?

It is no accident that there is a direct correlation between those population groups with the highest unemployment rates and those population groups with the highest crime rates. In urban areas in 1969 the unemployment rate was 3.1 percent. In poverty neighborhoods, the rate was 5.5 percent.

Teenagers, who commit a frighteningly high percentage of crimes, had an unemployment rate nationally of 13.8 percent but in poverty areas the rate jumped to 19.9 percent.

Yet even that figure hides the fact that among Negro teenagers living in poverty neighborhoods, the unemployment rate was 27.9 percent.

So it is clear that there is a relation between the tragic statistics of crime and the appalling statistics of unemployment. I feel most strongly, Mr. Chairman, that a massive effort in manpower programs, coupled with jobs for the graduates of these training programs, would be a major force in the fight against crime.

While the public is clamoring for more funds for police and courts, and for many other things to maintain law and order with justice in the country—and they are right in those demands—there is, unfortunately, little public outcry for support for the kinds of manpower training programs that help people stay out of the life of crime.

We in the Congress must be courageous enough to spend the necessary funds and to tell the public why they are needed.

Mr. Steiger's bill, the only one before you that includes an appropriation figure, proposed $200 million for fiscal 1970, rising to $300 million for fiscal 1974. I do not intend to suggest to the subcommittee a specific dollar amount. But I think we must all acknowledge that the program will be expensive.

We are dealing with a major problem, one that assumes even greater urgency daily, but I would point out that the expenditure for manpower training will reap large dividends, in both tangible and intangible ways.

We of the Congress can never forget the adventure that we undertook back in World War II in training for veterans. This has been the best investment the United States ever made. The increased income taxes paid out by the people who have been the recipients of gratitude on the part of their country have more than exceeded the expenditures we have made to educate and train those worthy men.

And yet while it is patently obvious that we must not only improve, but also expand, these manpower training programs, a reverse philosophy seems to have taken hold.

In an excellent article on corrections in last Sunday's New York Time magazine, I was distressed to read that an apparently successful manpower development training program has been closed because of fund cutbacks.

The center was in the prison complex on New York's Rikers Island. Permit me if you will, to read a short excerpt from the article:

> Most depressing of all are the currently abandoned facilities of the Manpower Development Training program, established in 1965 to serve both adolescents and adults on the island.
>
> Six trades, from metal fabrication to furniture refinishing and repair, were taught by a staff of 19 in the course of a 6 hour day. About 4 months before his discharge, the inmate entered a related program of vocational and academic coursework.
>
> As soon as he was released, he was turned over to the MDT in his own community and went on salary according to his family's needs until he had established himself in his own trade.
>
> Some 900 adolescents and adults went through MDT with excellent results. Thanks to an infectiously ebullient staff and solid community follow up, recidivism was cut at least in half; by some accounts it was down to 25 percent.

Now that means that many people were reduced as criminals, who ordinarily would go out of the prison and commit many crimes, and ordinarily they would commit more than they were arrested for, and then be brought back.

> This did not impress those in Washington whose budgetary priorities do not parallel those of slum dwellers and others who suffer from the antisocial behavior of delinquents. Three times now funds for MDT have dried up. Since August 1969 the rooms have stood empty—offset printing equipment, $30,000 lathes: 15 new typewriters and comptometers, arc and electric welding equipment, woodworking tools—while a few hundred yards away thousands of the frustrated and the embittered mill about, waiting to be released to the streets where nothing awaits them but more of the same and an eventual return to senseless confinement.

Mr. Chairman, this kind of economy, is neither economical nor prudent. Surely the cost of confining a man for even a short period of time is greater than the cost of training him so that he gets a job and becomes a tax paying citizen.

Here was a program that was successfully breaking the jail release back to jail cycle, and now it is dead because of "economy." Economies of this kind can cost America its future.

Lest the picture seem too bleak, let me turn now to the work of the Opportunities Industrialization Centers, private community based programs to train persons for jobs. In just 6 years, the original center in Philadelphia has been expanded to 79 other cities.

This program has received some Federal support, and I mention it as the type of private program our manpower legislation should recognize as successful.

Our legislation must permit the Secretary of Labor to contract for the services of this type of center, as well as help promote other innovative measures.

The old approaches have been tried and found wanting; the cost of experimentation is slight compared to the cost of failure.

Now, Mr. Chairman, it is my hope that this subcommittee and this

Congress will provide sufficient funds so that all who want and need job skills can acquire them.

But if we do this, and no more, we have solved nothing. A skilled person out of work is just as hungry as an unemployed unskilled laborer. If the private sector of the economy cannot afford—cannot offer jobs to all who want them, then the Federal Government must do all in its power to fill the gap.

As you know, Congressman O'Hara's bill is the only proposal which meets this need, by permitting the Secretary of Labor to contract with public or private nonprofit organizations to expand public service jobs for the unemployed.

I submit that this is a useful plan because it looks beyond the training program.

It is fruitless to provide funds for job training, while taking no steps to insure that there will be jobs for those who receive the training.

Indeed it is a cruel hoax perpetrated upon the poor and the disadvantaged of this country to challenge them to think in terms of a brighter future, if, in fact, we do not make the necessary provisions for the future.

It is unacceptable that we should have chronic unemployment in this country when so much work needs to be done. Our hospitals and health facilities are undermanned, housing construction and urban renewal are only creeping forward, our schools need help, the environment needs cleaning up.

Why can't the Federal Government help get those jobs done? I think we can and we must. Of course, the cost will be great, but so will the dividends.

And one of those dividends will be helping millions of Americans feel they are making a valuable and necessary contribution to American life. This dividend alone can compound enormously.

There are several ways in which the Federal Government can help provide these public services employment opportunities. The important thing to me, however, is that they are provided.

For unless there are jobs for the graduates of manpower training programs, we are not tackling the problem at its root.

And as I said before, one of the major benefits to be reaped from an effective manpower training and public service employment policy will be a reduction in the crime rate.

To me after chairing hearings of the Crime Committee across the Nation, it is clear that there is a profound correlation between unemployment and crime.

I ask you then to report out a bill that will be humanitarian, practical and effective. We have here a chance to make our people happier, our ghettoes cleared, our streets safe. We owe America no less.

May I just add this further comment on the welfare program? I voted for that and the House of Representatives has passed it, but I found no money in that program, Mr. Chairman, and members of the committee, to provide, to set up more manpower opportunities for those people we want to get off welfare and into employment.

I find no money to provide more jobs for them to get after they have had the training, and I think that is going to prove to be one of the problems that the legislation will present.

Thank you, Mr. Chairman.

Mr. Daniels. Congressman Pepper, I want to compliment you on a very fine statement. You have brought to the attention of the committee this morning the relationship between crime and unemployment, and the great toll that it is having in connection with the situation that we find ourselves in, that many of our cities today have a great increase in crime, and this is not only prevalent in the large cities, but the small cities as well.

We have had very little testimony on this point, and your testimony this morning will be most helpful to this committee.

Mr. Pepper. Thank you very much.

Mr. Daniels. I have no questions to ask of you. I recognize the distinguished gentleman from Michigan, the sponsor of one of the bills before us.

Mr. Pepper. I commend Mr. O'Hara for his fine proposal.

Mr. O'Hara. I would like to say to our colleague from Florida that I had an opportunity to read his testimony before coming here this morning, and I think he has made a tremendous contribution to our deliberations with his review of the relationships between the subject on which he has been making such a thorough study and the subject before us. Of course, I am especially pleased by his unstinting support for the concept of job creation, public service employment as contained in the bill that so many of us are sponsoring, and I would hope that our subcommittee can report a bill containing such a provision.

Mr. Pepper. I commend the distinguished gentleman for pioneering that proposal. I certainly will give him all the support I can.

Mr. O'Hara. I thank the gentleman.

Mr. Daniels. I now recognize the gentleman from Wisconsin, author of the bill pending before the committee, my good colleague Mr. Steiger.

Mr. Steiger. Thank you, Mr. Chairman.

I have no questions for Mr. Pepper.

I appreciate very much your coming here this morning, and I want to join my colleagues in thanking you for the contribution you have made.

I will make only one editorial correction. The authorization in the bill I have introduced is not $200 million, but $2 billion, and not $300 million but $3 billion.

I appreciate your support of the concept that there is an adequate amount of money.

Mr. Daniels. Just a light error, but in view of the testimony of Congressman Pepper, I am sure that he is pleased to hear that.

Mr. Pepper. I think it is a good investment. Whatever we wisely spend will give enough enormous dividends in return.

Mr. Daniels. Mr. Hathaway?

Mr. Hathaway. Thank you, Mr. Chairman.

Thank you, Claud, for your testimony.

I agree with it a hundred percent. I want to commend you at this time for your work as chairman of the Crime Committee. You have done an excellent job. I hope you will reiterate your testimony before the appropriations committee.

I agree with you that if this is fully funded we can do a good job.

Your feeling with respect to the GI bill is shared by myself and many others. It was the best investment we have ever made in education.

I am sorry we did not keep it up.

As a result of this investment we trained people to take jobs, and also created employment. Many of those people established firms of their own and employed people

Thank you very much.

Mr. Pepper. I thank the able gentleman for his fine comments and if we train people and don't provide jobs, we have wasted the money and have also given them a severe disappointment.

Thank you, Mr. Chairman.

Mr. Daniels. Thank you.

Our next witness is another Member of Congress, from the 22d District of the State of Illinois, who is the ranking minority member of the Interstate and Foreign Commerce Committee, a gentleman I am always pleased to listen to then in appearing before the House, though I don't always agree with what he has to say.

But I always listen to his words of wisdom. I am pleased to welcome the Honorable William Springer of Illinois.

STATEMENT OF HON. WILLIAM L. SPRINGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. Springer. That is kind of you, Mr. Chairman, and I appreciate your allowing me to appear here and on one phase, I am one of the authors of the Manpower Training Act of 1963, and I have been deeply interested in that. I worked with Tom Curtis for over 6 months on one aspect assigned to me, and that was the effect of the Manpower Training Act on our foreign trade policy.

I have had some experience in this whole question of manpower training and retraining as a result of that 6 months of hard work.

This is not my main legislative interest and I don't propose to tell experts like you what ought to be the law.

I do say I think that the legislation which has been proposed here in various forms is good, and I intend to support it.

We have several Government training projects in my district. If I could point to the one in Mattoon, Ill., where we train about a hundred a year, we get these boys out of high school, and we have three courses in electronics, fine tool cutting, and automobile repair.

May I say that there is no trouble when those men are through.

They are placed. In fact, they are all placed before their training period expires. There is no trouble with that kind of training.

Those people are already employed and contracted for before they are through. I think our great problem in America is training the people who are in what I would call, marginal areas of training, or marginal abilities to retain skills sufficient to be employed.

I come to testify here today with reference to the Opportunity Industrialization Centers. This program was started by the Reverend Leon Sullivan up in Philadelphia and I suspect that this committee is familiar with what Reverend Sullivan has done.

Mr. Daniels. I might say to you, Mr. Springer, that Reverend Sullivan appeared before this committee about a month or so ago, perhaps a little longer than that, about six weeks ago, and he was indeed not only a most interesting witness, but a very informative witness, and gave a detailed report, not only about the origination of this idea of his and the establishment of his program in the city of Philadelphia but how it has spread across the country, and I believe there are 90 such centers in existence today.

Mr. SPRINGER. That is true.

Mr. DANIELS. There were a few that fell by the wayside but by and large the great preponderance of them were successful.

Mr. SPRINGER. And this has essentially all been done with private funds. We have had an experience in Champaign-Urbana, Ill., where we raised $100,000.

In a town of 75,000 people, raising $100,000 to train what I would consider almost employees who are unemployables, is not an easy feat, and we are in the process now of raising another hundred thousand, because there are not any Federal funds available.

We think we have been successful. We have taken these very marginal people and most of them have been black. May I say, Mr. Chairman, that we are doing such things as helping them with their grooming and appearance, and ability to speak, showing them how to go to a place to apply for a job. The question in America today is how we can help these people who are presently unemployable, without any abilities, hardly, to gain any skills unless you use very very unusual methods?

This is what we have been in the process of doing. Fortunately I am able to report on the experience in Champaign-Urbana with the first 25 people who were employed. They are still on the same jobs that they were when they started.

We have since been able to employ about a hundred of these people, which I consider to be—at least when we started with them—to be unemployable.

Wherever this has been tried, it has been done with local moneys. Now may I say that the OIC Opportunities Industrialization Centers do not want to rely completely or even substantially, on Federal funds.

Their basic financial support should continue to come from the communities they are serving, and we intend to do that in Champaign–Urbana. So far as their eligibility for Federal funds are concerned, however, they should be put on the same basis and same programs as activities enumerated in title I in the comprehensive manpower training bill which you now have under consideration and this could be accomplished with a simple amendment. I am talking about the administration bill now, but I assume it could be done with any one of the several bills, strike out "and" and insert the following:

"(12) The development of job opportunities through the establishment of and operation of centers for low-income persons who are unemployed or underemployed, providing recruitment, counsel, remediation, vocational training, job development, job placement, and other appropriate services; and"

And renumber the following paragraph accordingly.

I know there has been some question whether or not this had administration support, and I am authorized by Senator Caleb Boggs from the other body to submit for the record, and I do ask unanimous consent to insert in the record a letter of the Secretary of the U.S. Department of Labor dated April 16th:

(The document referred to follows:)

U.S. Department of Labor,
Washington, April 16, 1970.

Hon. J. Caleb Boggs,
U.S. Senate,
Washington, D.C.

Dear Senator Boggs: This is in response to your request for my views on Amendment No. 440 to S. 2838, a bill "To establish a comprehensive manpower development program to assist persons in overcoming obstacles to suitable employment."

Amendment No. 440 adds to the list of Eligible Activities the establishment of centers to provide various types of training and remedial services: I have no objection to this proposed amendment.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

George P. Shultz,
Secretary of Labor.

Mr. Daniels. Is there any objection to the request of Congressman Springer?

Hearing none, it will be incorporated into the record.

Mr. Springer. These centers are a tribute to Rev. Leon Sullivan in my opinion, a person who has virtually lifted his people up by their bootstraps.

This has been a program that has been undertaken by a man with nothing to start with, and he has established 90 of these throughout the country. This is a tribute to any person, and here especially I would like to say that to me it is almost unbelievable that this could be done, and what has been done in Champaign-Urbana also.

The OIC's have proved their worth.

This is the important thing. They have not got any Federal funds, but they have proved their worth.

Their programs have helped more than 50,000 employed and underemployed persons improve their job skills at considerably less cost than the massive Federal funding training programs.

We can make our training program dollar go further by investing in more of the OIC's. Mr. Chairman, I come to you, and I am a rather hard headed fellow on this. It took me a long time to be convinced about OIC, and at first, may I say, I was not even for it, even though a local newspaper supported it, but when I did get a chance to see what they were doing and the type of people that were running the program and what they were doing with the community's dollars—not with the Federal Government's dollars, and not with the State of Illinois dollars, I became convinced that this program was worthwhile.

I became convinced that it was worthwhile to come to you and ask if you would not put this kind of a training program in the same priority that you put other training programs which you have financed, and which in my estimate would not cost nearly as much money as some of the training programs which we have undertaken thus far.

May I say that when I again talked with the Rev. Leon Sullivan, I rather liked his slogan. This is not the day of sloganeering, and I find that intellectuals at the great university in my home town object to sloganeering, but his slogan happened to be "Build, baby, build" not burn, baby, burn, and that kind of a slogan fits in with me.

I am here to say to you, Mr. Chairman, and my colleagues, that this program, based on the fact that it has been successful and that it has been tried without Federal funds and has shown itself to be successful, shows how much more successful it can be if you will make it part of your bill and part of your present program.

Thank you, Mr. Chairman.

Mr. DANIELS. Mr. Springer, on behalf of the committee and myself personally, I want to thank you for a very fine statement. I might say to you that having had Dr. Sullivan before this committee, I was tremendously impressed by the fine work that he was doing not only in the city of Philadelphia, but also in lending his help and his services to the other communities throughout the country which were interested in instituting similar programs.

I want to congratulate the people at Champaign, Ill., your home community, for the interest they have displayed in sponsoring similar legislation.

They are to be congratulated for doing an outstanding job. I am pleased to hear you say that they are about to raise another $100,000 to adopt another program of this nature.

I want to also assure you that the recommendations that you have made to amend the bill will be taken carefully into consideration by the subcommittee.

I have no questions. I recognize Mr. O'Hara, and——

Mr. O'HARA. Mr. Springer, I want to say that I share in your admiration for Reverend Sullivan and for the OIC concept that he has pioneered, and I am certain that in many, many cases the OIC has been the crucial factor in finding employment for persons who otherwise would not have obtained it.

I want you to know that with respect to this, I think that most of the members of this subcommittee—most of us, certainly—would want to see the OIC as one of the kinds of permitted federally funded activities under any legislation we report, and I think you have made a fine contribution.

Mr. DANIELS. I recognize Mr. Steiger. Do you have any questions?

Mr. STEIGER. Thank you, Mr. Chairman.

I want to simply join the other members of the subcommittee both in thanking Bill Springer for coming, and for his statement. I think in bringing into focus more clearly than we have before just what can be done to provide some assistance for OIC is more important.

I think it ought to be done, and I think the subcommittee will agree it ought to be done. Your testimony has been extremely helpful in leading us down this road.

Mr. DANIELS. I recognize Mr. Hathaway.

Do you have any questions?

Mr. HATHAWAY. Thank you very much, Mr. Chairman.

Thank you very much for your testimony, Mr. Springer. I just want to ask you, in the OIC campaign in Urbana—you say it was financed from voluntary contributions. Were most of those industry contributions?

Mr. SPRINGER. We have almost no industry in our town. It is a university community. We do have Chanute Air Force Base 12 miles away. I think business there represents less than 10 percent. I think of the 6,000 contributions that were gotten, certainly not over 600 of those came from businesses.

I would say this was largely financed by just individual people.

Mr. STEIGER. 6,000 contributions to raise $100,000.

Mr. HATHAWAY. Were most of the people employed at the community after they got out?

Mr. SPRINGER. Yes. I would say at the university we have some 35,000 students. And about 4,500 people on the faculty at the university. The rest of the community is dependent almost entirely upon the university.

I think there are a total of six small factories in the town.

Mr. HATHAWAY. Are the OIC people employed in the town?

Mr. SPRINGER. They are. I would say 95 percent of them are black.

Mr. HATHAWAY. I agree with your concept very much, and I wish it could be more widespread than it is.

Mr. SPRINGER. We have had one problem in Champaign Urbana, and that is the railroad that goes from New Orleans to Chicago. They haul up a great deal of black people. They get off at Carbondale, and Urbana, but the most of them go to Chicago.

We do have blacks coming into the community who have had very little training in the south, hardly enough to enable them to submit an adequate job application.

We have to give them the basic training. Some of them are practically unemployable but we do give them enough training to raise them above the domestic level.

Mr. HATHAWAY. Thank you, Mr. Springer.

Thank you, Mr. Chairman.

Mr. DANIELS. It was a pleasure to have you here this morning.

Mr. SPRINGER. Thank you, Mr. Chairman.

Mr. DANIELS. Our next witness is another distinguished member of Congress from the Fifth District of the State of Minnesota, a man who is very, very active in the legislative program of the House of Representatives, and indeed one of the most active members of the Democratic Study Group, who has been making a great contribution to all the legislation that has been coming to the House floor, and I am pleased to welcome this morning the Honorable Donald Fraser, a Member of Congress from the Fifth District of Minnesota.

STATEMENT OF HON. DONALD M. FRASER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. FRASER. I have a statement I would like to submit for the record.

Mr. DANIELS. Without objection, it will be incorporated at this point in the record.

(The following is a statement by the Honorable Donald M. Fraser.)

PREPARED STATEMENT OF HON. DONALD M. FRASER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. Chairman, members of the Subcommittee, my main purpose in being here this morning is to introduce William English from the Control Data Corporation in Minneapolis. Mr. English will be discussing manpower training from the vantage point of a private company with manufacturing plans in low-income, inner-city neighborhoods.

Before introducing Mr. English, however, I would like to comment briefly on manpower legislation in my role as a co-sponsor of the O'Hara bill, H.R. 11620.

During the last ten years, we've seen that economic prosperity, alone, has not enabled us to meet the goals of the Employment Act of 1946. Two years ago, when economic conditions were more favorable than they are today, the Kerner Commission found that 2 million Americans were permanently unemployed. Close to ten million more were underemployed with 6.5 million working full time for wages below the poverty line.

Recent manpower and poverty legislation has provided us with useful new tools for meeting the special needs of these people whose employment opportunities have been restricted for a variety of cultural, educational and economic reasons. The Opportunity Industrialization Centers, the New Careers projects and related programs have produced a solid record of accomplishment.

Unfortunately, the effectiveness of these programs has been impeded by certain structural factors. Manpower efforts in general are characterized by too much fragmentation, too many overlapping and often competing programs. In Minneapolis, for example, the Twin Cities Opportunities Industrialization Center receives job training funds from both the Labor Department and the Department of Health, Education and Welfare. But at times the Labor Department funds don't mesh well with the HEW funds.

The low-income job seeker in Minneapolis is confronted with a confusing array of initiated programs—CEP, WIN, JOBS—and even the manpower professionals have difficulty explaining how these programs relate to one another. Too often the unemployed person is looked upon as a peg that must be fitted into some manpower training slot.

I am pleased to note that the O'Hara bill—as well as the other bills before the Subcommittee—consolidate the various categorical programs into one streamlined program with decategorization of funds.

Consolidation certainly does not mean uniformity and centralization. On the contrary, the O'Hara bill provides increased opportunities for innovation and experimentation. Under this legislation, the Secretary of Labor would be given authority to contract with a wide variety of public and private agencies for the provision of manpower service. Programs could be tailored to the needs and resources of the individual community. In some areas, the OIC model might be emphasized. In other areas, the local school system or a private employer might have primary responsibility for the delivery of manpower services. In most areas, a variety of approaches would probably be used but no one agency would have automatic jurisdiction.

While these structural features are important, certainly the most significant element in the O'Hara bill is the provision for public service employment.

Training programs, no matter how effective, will take us only part way towards meeting our national goal of full employment. During this period of increasing unemployment, frustration will only be compounded for the ghetto resident who completes a ten week MDTA course only to find that there is no job waiting for him after graduation.

The only real solution to the problem of chronic unemployment, as far as I am concerned, is the creation of public service jobs for all those who are willing and able to work. This does not mean, as some have said, that the federal government must be viewed as the employer of last resort.

Public service is too important to be considered only "make work" for people who are not able to make it in the private sector.

Government, particularly at the local level, has millions of jobs that are not being filled merely because there is no trained manpower available and not enough funds available to pay the salaries.

Great skill will be needed to design jobs and training programs that are meaningful and, at the same time, accessable to people who have not adapted to traditional education and training programs.

We have already gained useful experience in job development through the New Careers program. With time and effort I am confident that we can design new public service jobs that provide meaningful career opportunities for millions of unemployed and underemployed Americans.

As I indicated earlier, the O'Hara bill does not single out any one approach to the provision of manpower services. Obviously public service employment is not a panacea. We all recognize that the private sector can and must play an increasingly important role in manpower training. In recent years, in fact, probably the most imaginative programs for training hard-core unemployed have been developed by private industry.

I am pleased that one of the national leaders in this area, the Control Data Corporation, has done its pioneering in my district, Minneapolis. In 1967, Control Data, a Minneapolis-based computer manufacturer, established an assembly plant in Minneapolis' Near Northside poverty area. The plant now employs close to 400 people, many of whom are high school dropouts, ex-convicts and former welfare recipients. I would like to submit for the record an October 22, 1969. *Wall Street Journal* article which discusses the Northside plant in greater detail.

With me today to discuss Control Data's experience with federal manpower programs is William English, the company's Manager of Equal Opportunity Planning. Mr. English is responsible for coordinating the development of programs to aid the economically disadvantaged. In addition to his full time responsibilities with Control Data, Bill English is a moving force in Minneapolis community affairs. He organized and directed a community center that serves the South Minneapolis black community and he is currently chairman of the Policy and Planning Committee, the citizen group that directs the Minneapolis Model City program.

I am happy to present William English to the Subcommittee.

Mr. FRASER. As my principal function, I have the pleasure of introducing a representative of a company that has been a real pioneer in providing manpower training for the disadvantaged, the Control Data Corp. I would like to submit for the record, Mr. Chairman, an article about that corporation that appears in the *Wall Street Journal*, if I may.

Mr. DANIELS. Without objection, it will be so ordered.

(The following is an article from the *Wall Street Journal*.)

[Wall Street Journal, Oct. 22, 1969]

JOBS: BRINGING THE PLANT TO THE SLUMS

By Timothy D. Schellhardt

MINNEAPOLIS—You are a personnel manager for a giant computer firm and you are interviewing Annie Brown. She is black, 42 years old, with only a sixth grade education, and no previous skilled work experience. Her last job was packing butter at a nearby dairy. Do you hire her to build those intricate, complex instruments?

At Control Data Corp.'s North Side manufacturing plant here, that answer, quite simply, is yes. And you hire 434 more employes like her, including welfare mothers, ex-convicts, and high school dropouts. You employ them in a modern, two-story plant in their neighborhood of crumbling residences, boarded-up stores and rut-filled roads. You offer a unique blend of training programs, employe benefits, personal aid and add the flexibility to revamp the entire package if the usual slum plant woes set in. Most importantly, you show the new employes you are sincere and that they are vitally needed.

A NATIONWIDE INTEREST

The result—for Control Data at least—is a solution to the problems besetting companies operating factories in the slums, with labor from these poverty pinched areas. That solution is attracting the attention of U.S. Department of Labor officials and manpower training experts across the country.

Manpower officials gauge a slum plant's success upon plant productivity, absentee and turnover rates, employe morale, and profits. One Washington, D.C., slum plant, for instance, is considered a "disappointment" and "operating below expectations" by Labor Department officials, even though it has operated at a small profit the past three months. The plant, Fairmicco Inc. (a joint venture between Fairchild Hiller and Washington's Model Inner City Community Organization) has experienced excessively high turnover rates and poor employe morale, Labor officials say. Until July the company had been operating deeply in the red for almost two years and employment, once expected to be 200 by now, still numbers only 85.

Control Data's North Side plant, however, has a relatively low absentee and turnover rate of 6% monthly, production is on schedule and orders for computer units are being completed on time. (Keeping on schedule is important since the plant is the sole supplier of information-transmitting controller units for the company's medium-sized computers.) A recently completed Labor Department evaluation of the Control Data project and 26 other slum training programs cites the North Side plant as a successful model for other companies to follow. "There are hundreds of job training programs, each different, but if you wanted to place a plant in a slum area, Control Data's procedures and methods would be among the best to follow," a Labor Department official says.

Control Data's conscious move to the slum was an important factor in its success, says one Labor official. The plant represents a vital link to untapped manpower resources for the burgeoning computer maker. "We needed these people to survive competitively," declares Norbert Berg, vice president for personnel services, responsible for filling 32,000 jobs in the past 12 years for the company. Manpower supplies were ebbing in the traditional suburban areas—where most of the company's 27 plants are located—so employment officials looked toward slum unemployed.

"We hired slum residents to work in our suburban plants but they found difficulties getting to the plants. Subsequently, our absentee rates skyrocketed," says Mr. Berg. Confides one employe: "We finally opened our eyes and discovered the answer was to build in the slums." The company gained support from slum neighborhood leaders by seeking their assistance, and by emphasizing the plant would not just become the company's slum showcase.

Yet altruism doesn't spell instant success, especially when Control Data's president, William Norris, insisted the company could not lower job standards. "We can't afford to turn out faulty computers," he asserted. That stipulation led to the company's development of an employee training program and benefits package that is aimed at boosting employee motivation and morale. North side officials term it a "total involvement" approach that offers an employee program suited to solve those problems that might lead to absenteeism, production errors and failure.

To a casual observer, the aids might seem insignificant. A counseling program, day-care facilities, liberal dress rules, legal aid assistance, an intensive on-the-job training program, monthly "communications" meetings, regular employee evaluations, medical assistance and a variety of semi-skilled and skilled jobs from which to choose. But consider Miss Brown's experiences. When she first gazed at the thousands of tiny colored wires she would have to entwine to make a computer chassis unit, she developed a sudden headache and quit her training class. She returned the next day after an employe counselor phoned her at home, discovered Miss Brown's fears, and set up a training program especially for her—in a job away from wiring the complex chassis. She is now adeptly soldering 54 small resistors firmly on postcard-sized printed circulars. "I haven't missed a day since that foolish decision to quit," she proudly declares.

LEARNING BY DOING

This personal approach is evident in the plant's 22-week training program. While most slum plants include at least two weeks of classroom training, the North Side plant has cut its in-class sessions to a week, with only 28 hours spent on skills training. New employes are introduced to basic handtools and then slowly advanced through the more intricate controller operations. In a two-and-a-half hour session the first day, trainees learn an eight-color code for wiring more than 6,000 feet of power wiring in a controller chassis. By the fourth day, they are wiring tiny resistors onto logic plates.

Another seven hours of classroom instruction are hour-long motivation sessions, developed by training director James Rance, a Negro and ex-Detroit school teacher. Trainees probe job-related topics ranging from gossiping ("These women were always gossiping" says a foreman), to the importance of being on time. Several of the motivation sessions become race sensitivity exercises where employes—65% of them black, 30% white, and 5% American Indian—probe their own racial prejudices. On-the-job assistance occupies most of the training program with foremen and two on-the-job instructors aiding the 15 new trainees each week.

The assistance continues. Corporate attorneys are holding legal advice classes and financial counseling for more than 50 employes after workers requested help with rent contracts, credit and accident suits. Minneapolis school officials conduct night-school classes at the plant for employes like Miss Brown, who expects to complete work for her high school diploma. Employes also urged to air gripes at regular communications meetings with top plant officials, and an employe suggestion box gets close attention. "Our parking lot lights were installed faster because of the concern from night-shift employees about possible muggings," says one official.

One woman employe, warned about her excessive absences, has not missed a work-day since counselors discovered she was staying home to care for a small son who has an acute bronchial lung ailment. The counselors quickly found a community agency only two blocks from her home which provided 24-hour-a-day assistance for her son.

Perhaps one of the most important factors for success is the company's flexibility to change programs at the plant. Six months ago the company discovered the plant was suffering from the usual slum plant woes. There were substantial production problems, absenteeism and turnover were hitting 10% a month, and employe morale was low. One employe relates the account of a fellow worker who became so disgusted with a chassis he took scissors and snipped the wires right up the middle. And inspectors complained they were finding more than 50 errors in one controller.

Officials revamped the training program, new employe services were provided and employes were given a larger voice in plant affairs. The counseling staff was expanded from one part-time and one full-time staff member to five full-time employes. "We're getting to really know each employe and his needs now," says personnel manager Glover Martin, a Negro, who sports an Afro-American haircut and spends much of his day chatting informally with employes.

The plant now offers more than simply assembly-type jobs. The highest skilled positions are those of checkout technicians, who inspect and test the completed controller units. At the North Side plant, brothers Ralph and Stephen Seals and 13 other employes are inspectors after only nine months or less of classroom instruction. The usual requirement is at least two years of technical school training. At previous jobs, one technician had reached a top salary level of a "couple bucks an hour" as a baker and another had been a laundry presser. More than one are ex-convicts turned down at several other area companies. They are now earning over $5 an hour.

Evaluations of employes for promotions and salary raises are made at least quarterly. Of the six trainees left from the first class of 10, three are now plant foremen and all six have had at least two raises. And Steve Seals, 28, with a year's experience at the plant, completed a nine-month-long institute program to prepare him for checking out a $40,000 controller. He is now earning $5.15 an hour, which helps support five brothers and sisters, and he has been named as one of two foremen to help oversee Control Data's second Twin Cities poverty plant in St. Paul.

NEW BUILDING PLANS

Control Data considers the North Side project so successful it has built a similar plant, now employing 150, on Washington, D.C.'s depressed northwest side. Plans have been announced for a 150-employe plant in the impoverished Appalachian community of Campton, Ky., and the company is considering building another facility on an Indian reservation. The St. Paul plant will be located in the depressed Summit-University area and will be manned by 100 part-time employes, most of them disadvantaged, including mothers with schoolage children, high school students and technical school and college students.

Critics contend that Control Data's undertakings are too expensive and they point to the company's admission it will spend more than $6 million by 1971 on the North Side plant. However, the company estimates it spends only $2,500 per trainee, a figure still below the $3,000 average for trainees in the Federal jobs program.

Despite criticisms, the Control Data experience seems the most promising answer to problems plaguing businesses in the nation's poverty belts. It looms as one of the brightest possibilities for the Nixon Administration's ambitious manpower development plans. The experiences of the 800 employes at Control Data's five poverty plants may well encourage other companies to establish similar facilities—and to hire more Annie Browns.

Mr. FRASER. The Control Data plant employs close to 400 people today, many of whom are from a poverty target area in my district, and among whom are high school dropouts, exconvicts and former welfare recipients.

William English, who is with me today, is the company's manager of equal opportunity planning. He is responsible for coordinating the development of programs to aid the economically disadvantaged. In addition to his full-time responsibilities with Control Data, Bill English is a moving force in Minneapolis community affairs. He organized and directed a community center that serves the South Minneapolis black community, and he is currently chairman of the Planning and Policy Committee of the Citizens Group that direct the Minneapolis poverty effort.

It is my great pleasure to submit to this subcommittee Mr. William English, who will submit testimony on his plant, which has been pioneering in this area.

Mr. DANIELS. Mr. English, you may proceed.

STATEMENT OF WILLIAM E. ENGLISH FROM DATA CONTROL CORP., MINNEAPOLIS, MINN.

Mr. ENGLISH. Control Data all too recently learned in its efforts to hire and train the economically disadvantaged that the lack of meaningful legislation was part of the force that operated against the employment of this group by a company like Control Data. In fact, our company has observed a direct correlation between the successful employment, training, and retention of disadvantaged individuals, and the ability of existing legislation to provide adequate governmental support. We believe it is in order at this point to give a brief history of Control Data Corp's. involvment in hiring the economically disadvantaged to support the aforementioned contention.

Congressman Fraser mentioned our manufacturing facility opened in 1967 in Minneapolis, which was our first effort to locate a plant in the core city area which was specifically designed to train the hard-core unemployed. Today, a facility worth more than $5½ million stands in that community, which employs over 400 people in a number of electronic assembly and other electronic productive jobs.

Hiring for this particular facility, located in North Minneapolis, embraced a new philosophy for Control Data; in that, the only criteria for employment was the individual's need for a job. These were such things as counselors, legal assistants, special training, transportation, hand money, loans, and most recently, day care.

The Washington plant will soon reach an employee population of over 100 so-called hard-core unemployed who have been trained in a wide range of skills of electronic assembly production.

Due to the success of this particular plant, we decided we were going to do it again, and subsequent to that time we have done it three other times. The second plant opened in March 1969. Objectives identical to the Minneapolis northside plant were employed in opening the Washington facility.

A third plant was opened in Appalachia at Campton, Ky., in the summer of 1969. Again, the corporation sought to match its expansion and manpower needs with a disadvantaged community's need for employment. The corporation has now adopted a policy that similar plants will be considered whenever expansion and manpower needs dictate additional manufacturing facilities. We should hasten to add that Control Data Corp. operates on a feeder plant basis, and that each of the plants we have mentioned are permanent and vital to the overall operation of the corporation. In other words, they are not "stop gap plants."

In Washington, of these employees, 95 percent are black, in Minneapolis, 54 percent are black, and we have American Indians and whites. These employees approximate the ethnic makeup of the people in the community surrounding the plant.

Employment has reached a level of 135 individuals there, and we are convinced now as a company that whenever expansion and manpower needs dictate additional manpower facilities that we will have more of these plants.

I think it is important for the committee to understand that each of these plants that we have mentioned are permanent. They are not temporary facilities. They are building major computer equipment and consequently, they are vital to the overall operation of our company. In other words, they are not stop gap plants.

In 1969, we established a subassembly plant in the city of St. Paul. With the exception of staff people all production people for this operation would be hired on a part-time basis. The idea for this experiment came when our corporation was made aware of the critical need for employment on a part-time basis of many of St. Paul's disadvantagedcitizens.

The plant has since opened, and hiring preference was given to disadvantaged people residing in the community who were from a priority standpoint, mothers who were heads of households, who must supplement their family's income, and who have school age children.

High school students who need to assist in bringing income to the family unit in order to remain in school, and you might be interested to know that a condition of their employment was that they remain in school. There are also technical school and college students who must pay for their own education.

Because of the unique nature of these plants, we have found ourselves dealing with Federal manpower programs. We have encountered sufficient frustration in attempts to get what we consider to be essential services that are needed to assure success for our disadvantaged employees, that perhaps our help could be in sharing some of these frustrations with you.

Control Data Corp. believes it has an obligation to participate in programs designed to solve our social problems. In all of our involvement in these plants and manpower programs, we have not asked for or sought out Federal assistance to cover those normal business expenditures such as financial assistance for capital equipment, facility construction and other normal business expenses.

We believe that Federal resources should only be used to cover those extraordinary training and supportive services that are vitally necessary to employ and retain the so-called hard core disadvantaged individual.

It has been in this contention that we have reviewed most of the proposed legislation. Our experience in many of the areas mentioned above leads us to believe that out of the pending bills, the O'Hara bill addresses itself to many of our concerns.

While we feel that the O'Hara bill could potentially provide the needed legislation, it falls short in areas that concern us greatly.

We should perhaps mention here that as a national company doing business in many locations across the country, we have a unique view of the coordinative complexities and duplication of efforts in many Federal manpower programs. We would like to cite some of the specific problems that we have encountered in our experience with manpower programs.

A major one has been day care. There are supposedly day-care programs to support manpower efforts, but as a company, we have been unable to find the necessary day care needed to support our efforts. When we have been able to locate some day-care funds, as in the MA or Job 70 programs, labor officials simply do not face them seriously. An example would be a following quote from a labor official: "Day care assumes female head of household employment." While this could certainly be true generally, it does not recognize the experience we as an employer have found to be the case.

The reimburse-by-hire approach is the only one available at this time by the Department of Labor. There have been little or no funds available for experimentation or demonstration projects with industry. Perhaps one of the major ones is the complexity of Federal programs and resulting local coordinating problems, plus what we find to be the duplication of effort.

We would like to make some specific recommendations that we would hope could be included in any new manpower legislation. Our recommendations correspond somewhat to the problems that we have just indicated.

We believe that there must be assurance that any manpower program coordinated with the child-care legislation that is presently before the Congress have adequate slots for child care for any industry getting involved in a manpower program. This should recognize the tremendous number of females who are already heads of households, and should certainly recognize the need for long-term funding that will provide the time necessary for an individual to lift himself to a level to support these kinds of needs.

It is going to require a very close look by Congress as to whether or not there will be a continuing need for day-care subsidies.

The need for flexibility in manpower programs must be addressed by the Congress. We must find ways to recognize that the need for supportive services will not vanish at the time disadvantaged employees complete their skills and so-called prevocational training. There must be ample time to allow for continued counseling and other supportive service to resolve the individual's other problems for a period that may well exceed any time allotted for skills training.

We would recommend that there be demonstration funds earmarked for industries willing to experiment with innovative approaches to employing the disadvantaged. While previously the Department of Labor MA contracts have been of benefit to many industries, the concept is totally geared to industries supplying a limited number of unskilled minority and low-income people into their traditional labor force. By assurance of flexible funds, by the allocation of experimental and demonstration moneys, many industries would be encouraged to seek out creative new approaches to this problem.

We must recommend that there be careful coordination of manpower and other Federal programs that are closely related. This would include child-care programs, HEW programs for income maintenance, and Office of Economic Opportunity experimental manpower programs.

At the local level, coordination by the State employment service is an obvious necessity with the maze of existing State and Federal programs. This coordination could be addressed by the creation of the already proposed State Manpower Advisory Board.

We would specifically recommend that industry representation be included along with that of community agencies, disadvantaged individuals, representation from State welfare advisory committees, and private and public manpower agencies.

We would submit that they begin to attain the local coordination, and could reduce great duplication that is now evident at the local level.

Finally, there must be ways in which large national industries can contract directly with a regional or national manpower agency in order to reduce the bureaucracy that is also encountered in existing manpower programs.

Mr. O'HARA. Thank you very much, Mr. English.

Before we get into the questioning, let me explain my presence here in the chair.

Mr. STEIGER. We have been wondering.

Mr. O'HARA. The chairman of the subcommittee, Mr. Daniels, has important duties in connection to his chairmanship on a subcommittee in connection with the Post Office and Civil Service Committee of the House, and he received an emergency call that he was needed very badly there, and he asked me if I would assume the chair.

Mr. Daniels wants to apologize, Mr. English, for having to leave, but it was absolutely necessary that he do so.

Mr. Hathaway?

Mr. HATHAWAY. Thank you very much, Mr. Chairman.

Mr. English, I thank you very much for your testimony. I would like to call attention to page 9 of the O'Hara bill, which I have cosponsored. I think that your No. 1 problem is covered by item 14 which does cover supportive services during the training, and during the work period. And at least in part your second point is covered by point 12 on page 8, which does provide funds for innovative programs. I say this to show that we are supporting some of the points you are advocating, and are aware of the problems, and will do what we can to see that provisions for business are included in the final bill.

Mr. ENGLISH. One point I would like to make in that context, and that is that our experience has been that, for example 1967, when we opened the facility in north Minneapolis, where we took the kind of individuals that Congressman Fraser described, and were able to bring them, within a 19-week period, to an average level of productivity that matched that of any plant we had established anywhere in the country, we found that that was not enough to keep the people on the jobs, even though they were producing, that the other fantastic kind of problems that they faced meant that we had to continue these kinds of supportive services, and with the reimbursement by programs that are now existent, we cannot continue these services without that, and during a period like now—whatever you want to call it—when it is an economic recession, or whatever, at this point when you are not hiring new individuals and your costs for producing a product are expended by providing these kinds of services, it renders a company like Control Data, which has to operate in a highly competitive business, somewhat noncompetitive if we are to continue with these kind of programs.

After a company has made a commitment to get involved, we don't feel that we can back away, even if it means being somewhat noncompetitive. So, it is in that context that you must understand that the needs for these services don't end at the end of the so-called training period. They extend for some period of time.

Mr. HATHAWAY. Thank you, Mr. English.

Thank you, Mr. Chairman.

Mr. O'HARA. Mr. Steiger?

Mr. STEIGER. Mr. English, I appreciate very much your coming. I think you have done a good job in discussing some of the specific problems you see. I must say as I sat and listened to your testimony, I think what you did was to reinforce something that we may have forgotten as we go along. We have passed the family assistance plan. That particular piece of legislation, significant as it is, really isn't completed unless and until we pass something in the manpower field that complements FAP.

What you are saying here, and as you are undoubtedly aware, in that bill there are funds for manpower training. There are $386 million scheduled for day care centers.

But I would hope that what your testimony does is to perhaps more clearly bring to the attentions of this committee in particular the relationship that has to exist between the kind of program you are carrying on, the supportive services that are necessary to make it possible for you to carry on, and the commitment we have made in attempting to handle the welfare caseload problem in terms of training, day care, and all the other services that are required.

I am most grateful for the fact that you could come here today.

Mr. O'HARA. Mr. English, let me ask you a couple of questions. Maybe you could tell me just how that inner city plant of yours, or ghetto plant of yours in Minneapolis works. How did you set it up, how did you do your hiring, and what kind of jobs did you perform, what opportunities were there for promotion or transfer for the employees?

Specifically, I am interested in knowing because one of the features of title I of the Economic Opportunity Act is a program that attempts to create jobs in the ghetto.

There has been some question about that program, because it was said that this is a very expensive way of going about it. By the time you put in the capital investment per job that you need to build a plant and equip it in the ghetto, wouldn't it have been cheaper to train a bunch of people and transport them, or encourage them to go to the regular plants of the company?

Let me ask you what you did in Minneapolis.

Mr. ENGLISH. Thank you.

I think that particular question is one that has been asked several times. I think the key to it, as we analyze it, No 1, we had a true need for plant expansion. That is the premise under which we began. There was an obvious need for our company, which was growing at the time, to expand.

As we began to explore ways of expanding our manufacturing facilities, we began to recognize that here was a tremendous amount of available manpower, untrained at that point, but nevertheless able to become the workers we needed.

So, No. 1, to answer your specfic question, the company has to start with need for expansion before you can profitably do this, move to the ghetto.

Of course, at that point, it became relatively easy for us to acquire the necessary land and to build and construct a manufacturing facility. We would have done that when it would have been in a suburban area, or when it would have been anywhere else. Significantly, we found that land, because of the involvement of urban renewal in that area, was available at somewhat of a lower cost than we would have paid anywhere else. So, we were able to buy the land and construct a major facility.

We established quickly, upon the advice of people who lived and worked in that community, that we could not screen out people, that we had to screen in people, and so our selection criterion was based on one thing, and that was the need for a job.

We established a rather simple formula that laid out that if an individual was single and his need was not as great as an individual who was head of a household with two children, et cetera, and that formula was used on a first-come, first-served basis as to getting employment.

We initiated a skills training program designed to give these individuals ample time to learn the skills training. While they were learning, they were paid the full entry level salaries for those jobs.

We soon found that they were able to grasp the skills. Control data had been training people in these kinds of jobs, electronic production jobs, for a long period of time. We have taken relatively unsophisticated farm women in many rural communities, and in a matter of a short period time have trained them. So, we knew how to train people, and it worked.

To answer your other question, we feel one of the major reasons we were successful in this was that we didn't go through a so-called side problem. Control Data is a computer manufacturer, and its business is to manufacture and market computer equipment.

So, we didn't go to wooden pallets or tents, or the printing business. We decided to stay in what we knew best, and we were able to provide the expertise that was needed to make that plant a profitable operation. That has not been the case in many of our sister industries as they have gotten involved in ghetto plants. We believe that is the reason it has not been as profitable for them as it has been for Control Data.

Mr. O'Hara. One think that has worried me about ghetto plants besides the fact that you put in quite a lot of capital per job when you are building a new plant, is the problem of creating a separate class of employment, that is, ghetto employment.

Mr. English. We were concerned about that, too. We didn't want this plant to be our only plant for, say, hiring blacks. Without any design on our part, and I mentioned it was a need on a first-come, first-served basis, and if you will look at my testimony, you will find that 54 percent of that plant population is black, 4 percent Indians, and the balance are white, which is roughly 40-something percent. That is almost totally the ethnic makeup of the neighborhood that surrounds the plant.

In other words, what we actually got was the people who needed jobs in that community, with or without regard, so when you are talking about operating a plant in a community like that that is roughly 55 percent black and 4 percent Indian and 47 percent white. We found that without any desire on our part that that is what we ended up with.

Mr. O'Hara. In many towns, that wouldn't be the case. If the ghetto is 100 percent black——

Mr. English. That has happened in Washington, D.C., of course, where we opened a plant that is 95 percent black at this point. But we took the position that what we had to do was to find an approach of bringing jobs where individuals could get the jobs. Many individuals feel relatively comfortable in their own communities, for whatever reason. Many people will relocate to the subsurbs to take a job, professional and nonprofessional.

We needed the growth and manpower. We were in a tight labor market when we started to talk about computer industry. So, you have to train individuals any way.

In our other suburban plants and facilities in Washington, we make a concentrated effort to provide mobility for those individuals who are trained in our so-called ghetto plant. They are able to move up and to grow into higher skill level jobs by moving out to the suburban plant. Once these individuals, because of their employment, become mobile, and even more trained, they want to go to the other plants and take the upgraded jobs. The upward mobility becomes more prevalent in a situation like this, because they have the basic skills, their work habits have become a situation that is tolerable for the employer, he can work with the turnover and absenteeism problem, and he can get the individual to a level where he is motivated and ready to move out. It is a simple matter of transfer.

Many of our people like test technicians, and believe me, this is an amazing program—these are young males who are dropouts, and convicted felons, and in 19 months, we have been able to train these individuals, and they are highly skilled. They are going to our plants in the Twin Cities areas, and in some cases other cities.

So, we are not letting up on our efforts to train in other plants.

Mr. O'Hara. I think that mobility and the opportunity to move upward and out and into the other facilities of the company is very important in this picture, and I see that you have incorporated it into your efforts.

Mr. English. It is a major part of it.

Mr. O'Hara. Thank you very much, Mr. English, for your testimony.

The next witness scheduled for today is a representative of the General Accounting Office, Mr. Eschwege.

After these hearings were scheduled, the House late yesterday decided to depart from its usual custom of meeting at noon and today to meet at 11, which means that there will only be some dozen minutes or so that we could remain in session today to hear Mr. Eschwege's testimony.

Mr. Eschwege's testimony is extremely important and I don't think we could do justice to his testimony in that period of time, and I would like to ask him if it would be possible to come back at 9:30 in the morning.

Mr. Eschwege. Yes, sir.

Mr. O'Hara. In that event, without objection, the committee will now stand adjourned until 9:30 tomorrow morning in this room.

(Whereupon at 10:50 a.m., the committee adjourned until 9:30 a.m. of the following day.)

MANPOWER ACT OF 1969

FRIDAY, MAY 1, 1970

House of Representatives,
Select Subcommittee on Labor of the
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:50 a.m. in room 2175, Rayburn House Office Building, Hon. James G. O'Hara, presiding.

Present: Representatives O'Hara, Ford, Hathaway, and Steiger.

Staff members present: Daniel H. Krivit, majority counsel; Charles W. Radcliffe, minority counsel for education; Sue Nelson, Research Assistance; and Cathy Romano, research assistant.

Mr. O'Hara. The Select Subcommittee on Labor of the House Education and Labor Committee is meeting this morning to continue the taking of testimony on H.R. 10908, H.R. 11620, H.R. 13472, and related bills.

Our witness this morning is Mr. Henry Eschwege, Associate Director of the General Accounting Office. He is to testify on the preliminary findings and observations on the JOBS program.

Mr. Eschwege, we would be pleased to hear from you.

STATEMENT OF HENRY ESCHWEGE, ASSOCIATE DIRECTOR, CIVIL DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY RICHARD J. WOODS, ASSISTANT DIRECTOR, CIVIL DIVISION; AND HARRY J. SANGER, SUPERVISORY AUDITOR, CIVIL DIVISION

Mr. Eschwege. Thank you, Mr. Chairman.

May I introduce my colleagues this morning?

Mr. Richard Woods, on my right is Assistant Director, Civil Division, in charge of our audits at the Department of Labor and Mr. Harry Sanger, on my left is the supervisory auditor in charge of our review of the JOBS program.

Mr. Chairman, and members of the subcommittee:

We are pleased to appear before this subcommittee today, as you have requested, to present our preliminary findings and observations on the JOBS program.

With your permission, Mr. Chairman, I would first like to present some background on our more recent review efforts in the area of manpower training.

Title II, section 201 of the Economic Opportunity Amendments of 1967 directed to the General Accounting Office to determine (1) the efficiency of administration of programs and activities conducted by the Office of Economic Opportunity and delegate agencies, and by local public and private agencies carrying out such programs and activities; and (2) the extent to which such programs and activities were achieving the objectives set forth in the relevant part or title of the Economic Opportunity Act of 1964 authorizing such programs or activities.

The results of this review are contained in a summary report issued by the Comptroller General to the Congress on March 18, 1969, and in 59 supporting reports to the Congress on the results of our reviews of individual programs at various locations.

Our review involved evaluations of the major programs authorized by the Economic Opportunity Act, including various manpower programs such as the Neighborhood Youth Corps, the Job Corps, work experience and training programs, and the concentrated employment program. The concentrated employment program or CEP, was a relatively new program at the time of our review.

As we completed the foregoing work we intensified our efforts on other manpower programs and activities, such as the JOBS program and on-the-job and institutional training programs authorized under the Manpower Development and Training Act of 1962, as amended.

We are currently reviewing the JOBS program in San Francisco and Oakland, Calif.; Portland, Oreg.; Seattle, Wash.; and Detroit, Mich. Although our review is not completed we would like to present here today a number of our preliminary observations on the results achieved by the program at these locations, administrative problems encountered, and aspects of the program which we believe require particular attention at this time.

We have not yet given the Department of Labor or the National Alliance of Businessmen, that is NAB, or participating contractors an opportunity to formally comment on our observations, although we have had discussions with representatives of the Department and NAB, throughout our review.

The JOBS program was announced by President Johnson in his manpower message to the Congress on January 23, 1968. The President called on American business to assist in solving the Nation's manpower problems and announced the formation of NAB.

The initial goal of the JOBS program was to place 100,000 hardcore unemployed in jobs by June 30, 1969, and 500,000 in jobs by June 30, 1971, in the Nation's 50 largest cities.

The JOBS program has since been expanded to nationwide coverage and the 1971 target was increased to provide for placing 614,000 hard-core unemployed in jobs.

From inception through fiscal year 1970, a total of $624,128.000 has been made available for the JOBS program. As of February 28, 1970, $348.3 million had been obligated and $96.9 million had been paid to contractors.

We believe it is important to note at the outset that the JOBS program in reality consists of two distinct components—the contract component and the noncontract component.

Under the contract, component businessmen enter into an agreement with the Federal Government to hire and train disadvantaged persons. The basic format of this component provides that the extraordinary costs borne by the employer in hiring, training, and retraining a disadvantaged person will be reimbursed by the Government.

JOBS contractors receive a negotiated fixed-price contract and are paid for the actual number of days worked by trainees at a unit cost which is based on the contract price divided by the number of days of training to be provided.

Under the noncontract component, businessmen volunteer to effect the same result without claiming reimbursement from the Government. About 75 percent of the reported hires in the JOBS program fall under the noncontract component of the JOBS program.

Several reasons have been advanced to us as to why businessmen choose to hire and train disadvantaged persons without obtaining reimbursement from the Government. Some employers told us that the disadvantaged are frequently being hired in entry level jobs which do not require any training beyond that which had always been given and that therefore, it would not be fair to bill the Government for the cost of training disadvantaged persons.

Other reasons include the avoidance of "redtape" and of having Government auditors look over their shoulders, and a recognition of industry's responsibility to contribute toward the solution of our social ills.

Noncontract employers are not subject to the same controls and procedures as the employers who contractually agree to comply with specific performance requirements. There is less knowledge, therefore, concerning the extent to which the noncontract program is accomplishing its desired program objectives.

Our preliminary findings and observations on the JOBS program to date fall into two broad categories—those that relate to the conceptual basis for the program; and those that relate to the implementation of the program.

CONCEPT OF THE PROGRAM

With regard to the conceptual basis of the program, we acknowledge that, as yet, we have more questions than answers, and have more work to do before reaching firm conclusions.

We note that the JOBS program is not essentially a job creation program, in that it does not necessarily result in any expansion of the existing job market.

In certain instances, it has here appeared to us that businessmen were simply reallocating existing job openings to persons other than those who would have been hired normally.

To the extent that this has been the case, the program may simply be shifting the burden of unemployment from the disadvantaged person to other persons not so categorized. We recognize, of course, that many factors need to be considered here, and that even where this is the net result, arguments can be advanced for doing so.

Secondly, the JOBS program can work best in a period of so-called full employment and may have some difficulty in achieving effectiveness in periods of relatively high unemployment. In periods of rising unemployment it would appear to become increasingly difficult for employers who experience cutbacks in their operations to sign up the disadvantaged under the JOBS program, particularly where a part of such employers' regular work force may be already on furlough, or where well-qualified persons are available for employment who need no further training.

Of perhaps greater concern in a slackening economy is the likelihood that JOBS enrollees will be the first ones to be laid off, leaving them no better, and perhaps worse off than they were before entering the program.

We believe that the Department of Labor has a particularly difficult challenge to meet in these circumstances to assist such persons to the full extent that other program resources are available, so that the gains made are not entirely dissipated.

Finally, we have given considerable thought to the target population to which the JOBS program is directed. We are not certain that the parameters of this target population have been as well drawn as they might be.

The Department has defined the "disadvantaged" segment of our population as including those persons whose:

> (1) Net annual family income is less than amounts specified in the Office of Economic Opportunity Poverty Guidelines and who do not have suitable employment, and who
>
> (2) Are either school dropouts, under 22 years of age, 45 years of age or over, handicapped, or members of a minority.

While the JOBS program is directed primarily to the individuals just described, the total target population for the program has been enlarged somewhat to also include poor persons with special obstacles to employment in addition to those previously mentioned.

These individuals are defined as (*a*) unskilled workers who have had two or more spells of unemployment during the past year totaling 15 weeks or more, (*b*) workers whose last jobs were in occupations of significantly lower skills than their previous jobs, (*c*) workers who have family histories of dependence on welfare, and (*d*) workers who have been permanently laid-off from jobs in industries which are declining in their region, such as workers in agriculture and coal mining.

Based on various estimates we have reviewed, it appears that the target population for the JOBS program encompasses many more persons than the program can absorb.

Also, it appears that the degree of disadvantagement can differ quite materially among persons within this target population.

Although we are studying this matter further, we tentatively believe that more restrictive eligibility criteria may be needed to better assure that Federal funds are used only to train and then otherwise to prepare for jobs those persons who could not reasonably be expected to secure suitable employment for themselves.

JOBS REPORTING AND MANAGEMENT INFORMATION SYSTEM

Before proceeding to discuss the problems we have noted in the implementation of the program in the cities which we have visited, I would like to briefly talk about the JOBS reporting and management information system and the problems we are having in utilizing the reported data for evaluation purposes.

As of January 31, 1970, reports prepared by NAB and the Department of Labor show that 380,140 persons had been hired under the

JOBS program; 84,703 under the contract component and more than three times as many—295,437—under the noncontract component.

Of the 84,703 persons hired under the contract component, reports show that 34,484 were still in training as of January 31. However, no significant information was available for the remaining 50,219 persons or about 60 percent, as to how many had completed their training and were still with their JOBS employer, or had dropped out of the program.

Of the 295,437 persons hired under the noncontract component, reports show that 165,562 were still in training as of January 31.

As with the contract component, no significant information was available for the remaining 129,875 persons, or about 44 percent, as to how many had completed their training and were still with their JOBS employer, or had dropped out of the program.

Thus, for the contract and noncontract components combined, of the total 380,140 persons hired, 200,046, or 53 percent were still in training at January 31; but no information was available as to the current status of the remaining 180,094, representing 47 percent.

Although certain demographic data has been submitted by employers on only about 42 percent of the persons reported as hired, the data shows that about 27 percent of JOBS enrollees were female, and 73 percent male; about 1½ percent were handicapped; 15 percent were receiving public assistance at the time they were enrolled; about 21 percent were white, about 73 percent were black and about 6 percent were members of other minority groups.

The data submitted also shows that a typical JOBS participant is about 24½ years old; has about 3.6 persons in his family; an average family income of $2,437; has completed 10½ grades of education; and has been unemployed about 21 weeks.

Reported data on persons who have dropped out of the program after enrollment showed that they remained on the job for an average of about 2 months; that about 52 percent of the terminees had quit; about 36 percent were discharged; and that the remainder left for various other reasons, such as company layoffs.

While the foregoing information appears to provide a fairly comprehensive picture of the JOBS program and its participants, our review has indicated that there are significant shortcomings in the management information system.

We believe there is a need for much more complete and reliable data on jobs program operations, particularly data concerning the eligibility of participants, and followup data concerning persons who had dropped out or who have completed training.

For example, although NAB reported that 380,140 individuals had been hired under the JOBS program as of January 31, 1970, employers had submitted hire cards for only 158,904, or 41.8 percent of these persons.

The hire card is the form employers are asked to use to report pertinent demographic and other data on persons enrolled in the program.

The information gap caused by the lack of hire cards for 58.2 percent of JOBS enrollees results from the fact that NAB has not been sufficiently persuasive to require companies to submit the hire cards;

rather NAB has chosen to report the accomplishments of the JOBS program on the basis of periodic telephone contacts with participating employers under a so-called tally county system.

This tally count system bypasses the reporting system under which hire cards are used and, of course, provides much less information.

Information obtained through the tally count is limited to the number of persons hired, persons terminated, and persons onboard. No information is obtained on the characteristics of the persons in the program or on reasons for terminations. Such information is essential, we believe to the effective administration and evaluation of the JOBS program.

PROGRAM IMPLEMENTATION

We would now like to present our observations concerning the implementation of the JOBS program.

First, we wish to note that the JOBS program is relatively new as Government programs go, and we are not surprised that it is experiencing the problems and growing pains that typically go with a new program.

The Department of Labor has made numerous changes and improvements in the JOBS program since its inception in 1968 and is continuing to do so.

We hope that through our review efforts, and reporting, the program may be further improved and strengthened.

We have found that a number of persons have been enrolled in the JOBS program who did not appear to be eligible for its benefits under established eligibility criteria.

As noted previously, we are experiencing considerable difficulty in reviewing eligibility on a programwide basis. However, we have ascertained that a significant number of persons have been hired under the JOBS program who were not eligible based on the acknowledged family income.

The enrollment of individuals who are not from the intended target population tends to inflate reports of program achievements, while at the same time it impedes progress toward attaining program objectives.

In the San Francisco/Oakland area for example, hire cards were submitted by employers for only 4,044 of 10,398 persons hired under the JOBS program as of September 30, 1969.

Only 1,810 or about 17 percent of the hire cards contained information on family income.

From this limited information, however, our analysis showed that 441 persons, or about one-fourth of those reporting income data, had annual family incomes which exceeded that permissible for inclusion in the disadvantaged category by amounts ranging from $100 to $7,700.

2. The legislative history of the JOBS program indicates that it was not intended that the JOBS program would provide jobs which historically pay low wages, involved high-turnover occupations, and which traditionally use unskilled or low-skilled persons as a source of labor.

We have found that under both the contract and noncontract components of the JOBS program, many of the commitments by businesses to hire persons involve low-wage jobs which offer little chance for advancement.

Termination rates for businesses offering such jobs have been high.

Certain officials of the concentrated employment program and the State employment services have complained to us that many of the job orders they receive are for dead-end jobs.

In San Francisco, for example, we reviewed NAB's files on a number of noncontract employers to determine the nature of the jobs being pledged.

We reviewed the files of 158 companies that pledged jobs in 1968 and 324 that pledged jobs in 1969, and found that 26 (16.4 percent) and 33 (10.2 percent), respectively, were offering jobs which appeared to be in high-turnover occupations involving minimum skills and low wages.

These included employment as janitors, messengers, maids, porters, dishwashers, busboys, potwashers, copy boys, and bar assistants, many of which were at wage rates of less than $2 an hour.

3. In our overall report of March 18, 1969, on the economic opportunity program, we reported that there was a need for sponsors under the concentrated employment program to coordinate their job development efforts with the JOBS program, and we recommended that CEP operations be so coordinated.

During our current review, we have found that the need for better coordination and cooperation still exists. Department of Labor directives provide that CEP participants are to be given preference in filling jobs offered by JOBS employers.

However, this has not generally occurred. For example, although over 11,700 JOBS trainees had been hired in the San Francisco Bay area through January 31, 1970, the Oakland CEP reported that only 102 CEP participants out of a cumulative enrollment of about 1,100 had been placed under the JOBS program since November 1968, and the San Francisco CEP reported that only 47 CEP participants out of a cumulative enrollment of about 3,700 were placed since November 1968.

Prior to November 1968 data on the number of CEP participants going to the JOBS program was not available.

We believe that this illustrates the need for closer coordination between the JOBS program and the CEP.

The concentrated employment program was established in target areas of various cities throughout the Nation to help those most in need of employment assistance and employment preparation.

An important element in the success of the concentrated employment program is its coordination with job opportunity programs such as the JOBS program.

4. Our review to date has revealed the need for improved procedures for evaluating contractor proposals, and negotiating JOBS contracts.

The intent under the contract component of the JOBS program is to reimburse the contractor for extraordinary costs incurred as a result of hiring the disadvantaged.

The purpose of this approach is to avoid subsidizing an employer's normal costs of hiring and training employees. Employers are asked to define their extraordinary costs in their proposals to the Department.

The Department of Labor has accepted some contract proposals which appeared to us to contain unreasonably high costs for certain program components, primarily involving compensating employers for providing on-the-job training.

The Department's actions have resulted primarily from the use of fixed unit costs established under its market cost concept for negotiating JOBS contracts.

In other instances, the acceptance of unreasonable costs resulted from the incorrect application of the negotiation guidelines prepared by the Department for contract evaluators and negotiators, or from a failure to properly analyze each component of the cost proposal.

For the five cities in which we made our review, the training costs for an enrollee in the JOBS program ranged from $671 to $6,833.

National averages as of February 28, 1970, were for the MA–3, –4, and –5 phases of the JOBS program, based on data reported by the Department, were $2,935, $2,980, and $2,554, respectively.

"Market cost" is defined by the Department as the dollars an employer would be willing to accept for conducting a JOBS training project that meets Government requirements.

Generally, two factors enter into the determination of the allowable range of "market costs" for a particular occupation—the skill level for which the employee is being trained and the wage rate of the employee upon being hired.

Department guidelines instruct negotiators to take a "hands off" attitude with contractors, and not press them for too much detail.

The guidelines state that time spent in face-to-face cost negotiation beyond an average of half an hour ordinarily will not be an effective use of the negotiator's time. To further speed up negotiations, the guidelines contain a fixed unit cost chart which sets minimum and maximum amounts of "market costs" based upon the hourly wage rate and the skill level of the job.

We believe that the use of the "market cost" concept together with the limited time allowed for negotiators have resulted in accepting excessive on-the-job training costs and supportive service costs in some proposals.

Also because individual cost elements were not adequately analyzed, some costs were accepted which did not appear to be extraordinary training costs.

In one instance, for example, a grocery chain which operated some of its stores in the San Francisco Bay area has a national MA–3 contract amounting to $1,288,218 to train 258 grocery journeymen.

A grocery journeyman prepares warehouse orders, receives, and stocks goods on shelves, prices articles, inventories stock, tallies customers' purchases, and bags groceries.

That portion of the contract relating to the San Francisco Bay area amounted to $495,500 to train 100 persons. We found that $380,969 of the $495,500 was for on-the-job training.

This amount exceeded the on-the-job training costs allowable under the Department's own guidelines by $93,200.

Analysis of the on-the-job training costs showed that they were excessive because unrealistic assumptions were made regarding the amount of time the trainee would be productive.

5. In certain instances, the Department has entered into JOBS contracts which appeared to us to commit employers to hire more individuals than their operations could reasonably be expected to absorb.

A manufacturing company in Portland, Oreg., for example, received a JOBS contract to hire 155 persons even though it was a newly established company with only 65 employees, of which between 25 to 30 were trainees under a prior JOBS contract.

It was the company's intention to expand its business and to obtain most of its new employees through the JOBS programs. However, these plans never materialized.

The JOBS contract was later reduced from 155 to 74 authorized job openings. At the time of our last inquiry, about 1 year after the contract had been executed, only 24 persons had been hired and retained.

6. We have noted various examples of employers who did not provide contractually required supportive services to trainees, although the employers were paid for such services.

Supportive services include initial orientation to a working environment—not normal orientation such as company rules—special counseling and job coaching, job-related basic education, transportation assistance, and sensitivity training for supervisors.

Experience gained by the Department in prior manpower training programs indicate that supportive services are necessary to assist a disadvantaged person in adjusting to the job and in keeping him on the job.

For example, a landscaping firm in the San Francisco Bay area had an MA-4 contract to hire and train 10 landscape gardeners. After 8 months of performance, 44 trainees had been hired and 41 had terminated, a termination rate of 93 percent.

The contract provided $850 per trainee to cover the standard range of supportive services, to be paid at a rate of $3.27 per day of training. However, no services, other than normal first-day orientation and some counseling had been provided to the trainees.

The contractor told us that he had not provided the services, and that he thought the Opportunities Industrialization Center from which he had planned to obtain the trainees would provide the service.

He did not explain why he agreed to accept $850 per trainee under the contract if he did not plan to provide the services.

7. Next we have noted certain weaknesses in contract reimbursement procedures.

We are finding numerous errors in billings submitted by contractors to the Department. In some cases employers are claiming reimbursement for more days than were actually worked by enrollees or for more training days than covered by the contract.

8. Finally, we have strong indications that the Department of Labor is not monitoring the JOBS program to an extent adequate to reasonably insure that contractors are performing on schedule; are providing trainees with the required contractual services; and that the target population is being reached.

Monitoring of employers' activities in California under JOBS contracts is carried out by contractors. Thus far we have examined into the adequacy of program monitoring primarily in the San Francisco Bay area.

We plan to cover this phase of program administration in more detail in the other cities before we complete our review.

CONCLUSION

Mr. Chairman, we have discussed here today some of the more significant problems we have noted concerning the concept and implementation of the JOBS program. We hope this information will assist your subcommittee in its current deliberations.

Our general impression is that the JOBS program has served to focus the attention of businessmen on the need to hire and train the disadvantaged and that it has undoubtedly helped some disadvantaged persons obtain gainful employment.

We would hope that the results of our review efforts currently underway will serve to further improve the effectiveness and efficiency of the JOBS program.

This concludes our statement Mr. Chairman; we will be happy to respond to any questions you may have.

Mr. O'Hara. Thank you very much, Mr. Eschwege.

Mr. Ford?

Mr. Ford. Thank you, Mr. Chairman.

I find this sort of report very interesting, and more than a little bit provocative. It is the first time this committee has had some specifics against which to gage changes in a number of the job training programs that are within the purview of the activities of this committee.

Last year, when the administration determined that 58 JOBS Corps centers would be closed at what was at that time indicated to be, a savings of $100 million, the rationale given to this committee for doing this was that the JOBS program was going to be expanded to dramatically take up the slack.

In the evaluation of these programs, I see you indicate here that you rendered some 59 or 60 reports, one summary report and 59 specific reports.

What opportunities were compensated for, by an increase in the JOBS program? Is there an indication that this has happened?

Mr. Eschwege. As you know, the Secretary of Labor at the time announced that he would open up some other Job Corps centers of a different type; about 30 of them.

It is my understanding that 5 centers have been opened so far.

Now there is no way for us to tell how many of the prospective Job Corps enrollees, who cannot seem to get into the Job Corps, have been able to get into the JOBS program.

I suspect that some of them did get into the JOBS program; about 50 percent of the JOBS enrollees are under 22 years of age, which is roughly the age group that went into the Jobs Corps, so there may have been some.

Mr. Ford. In their appearance before the Senate committee the Labor Department indicated by exhibits in the form of charts that there would be about 140,000 training opportunities for fiscal 1970 under the JOBS program, 80,000 financed under the MDTA and 60,000 under the Economic Opportunity Act.

Do your studies show to what extent we have actually created these training opportunities during fiscal 1970 in the JOBS program?

They were projecting 140,000 jobs. Or job training opportunities.

Mr. Eschwege. We have to rely at this point on the figures put out by NAB, and they have, as you know, a goal of 338,000 persons on the job by the end of fiscal year 1970. This is cumulative. It is 238,000 for fiscal year 1970, and 100,000 for the prior year.

They have not yet met this goal. They have May and June to go. The problem is that they hire a lot more, but the turnover is great, so that they don't have too many staying on long enough to receive this training to be counted against this overall goal.

Mr. O'Hara. Will the gentleman yield?

Mr. Ford. Yes.

Mr. O'Hara. Well, when Mr. Wilson from NAB was before the committee earlier, I asked him how many contract job training slots had actually been filled this year, and I think his answer was 34,000, wasn't it?

Mr. Eschwege. The 34,000 currently filled is the same statistic we have, under the contract portion.

Mr. O'Hara. Oh, the contract portions. That is what he was talking about when he said we were going to expand JOBS, wasn't it?

Mr. Steiger. Would the gentleman yield?

Was the date on that 34,000 February 28?

Mr. Eschwege. January 31 is the date we are using.

Mr. Steiger. January 31 was the 34,000 contract.

Mr. Eschwege. Only those under the contract part that had been hired.

Mr. Steiger. The date is important.

Mr. O'Hara. He gave us the most recent figure, which was 34,000.

Mr. Steiger. 34,000 was through the end of January, or even through the end of February. I am not sure. There is a revised figure, I think, from January or February, the time of that figure, to April 10.

You have got some 18,000 contract jobs slots that are in addition, as I understand it, to the 34,000. Figure from February 16 through April 10 and on a contract basis is 18,033. So you have got to add that to the figure that was reached earlier.

Mr. Eschwege. We don't have that figure.

Mr. Ford. Last year when the decision to reduce Job Corps was announced, one person on the floor of the other body explained the administration's rationale by posing the following question and answering it. The question was: If we deduct $100 million from the Job Corps, how can we give more special training?

The answer was: More than $200 million will be put in the JOBS program, and the new administration wanted a chance to train people at a lower cost ratio.

The implication was, and I should think that was consistent with the representations made to this committee at that time, that we would actually be spending twice again as much money on the people as the $100 million cut in the economic opportunity program. Presumably, since the new training programs would be at a lower cost per head we would be training more than twice as many people.

The rationale was that this would come about as a result of putting JOBS into 125 cities because JOBS was only in 50 cities at that time.

How much progress has been made in meeting that goal?

Mr. ESCHWEGE. As you know, they have expanded nationwide but again I can give you some statistics.

Mr. FORD. There are two figures that become apparent. One is the total number of people being given job training opportunities.

And the second one is the total number of vocations. The concept of the switch from the Job Corps to the training centers was that you were going to take the training to the people rather than the people to the training. This was one of the ways we were supposed to save a lot of money.

Mr. ESCHWEGE. As I indicated before, the Job Corps population is only from about 16 to 22, whereas the JOBS program involves presumably all ages.

We have some statistics indicating that 50 percent of JOBS enrollees are under 22 years of age, but not everyone who should have gone into the Job Corps fits into the JOBS program.

Mr. FORD. But the original criterion was dealing with an age group over 24 and under 45, wasn't it?

Your testimony today indicates that there has been a considerable amount of slipage in applying that criterion, so that there are a lot of people being accommodated or being put into the job training slots that were not originally contemplated by the Congress.

Mr. ESCHWEGE. Well, the one criterion that always has to be present is the family income criterion. In addition to that, there must be one of the certain other factors present, one being under 22; another one being over 45; another one being a member of a minority, regardless of age; or a handicapped person, et cetera, so there are other criteria besides age.

Mr. FORD. Also note on page 11 of your testimony that you say in the five cities where you made your review the training cost per enrollee in the jobs program ranged from $671 to $6,833.

The cost of $6,833, what does that cost include?

Mr. ESCHWEGE. That would include the cost of on-the-job training; costs to the employer for the unproductive time of the individual, including any spoilage that may occur because he is being trained; and the cost of any supportive services that may be rendered, such as for orientation, special counseling, medical assistance, and also some sensitivity training for supervisors of these enrollees.

Mr. STEIGER. Would the gentleman yield?

Mr. FORD. Just let me ask one question, and then I will be glad to. Do these figures of $6,000 and $7,000 per year per enrollee include any kind of medical care, or the provision of any shelter, food, or supportive services such as Job Corps would be providing to the same enrollee?

Mr. ESCHWEGE. It could provide medical attention and transportation, but not residential living or anything like that.

Mr. FORD. We don't provide clothing, food and that sort of thing?

Mr. ESCHWEGE. No, that is right.

Mr. STEIGER. Would the gentleman now yield?

Mr. FORD. Yes.

Mr. STEIGER. Would it be possible for you to pinpoint somewhat more distinctly just what kind of training is being provided under the contract that had a cost of $6,833?

Was this a high skill job with relatively high wages?

Mr. ESCHWEGE. Well, this varies, of course, and the Department has some guidelines which define the degree of skill of a particular individual and then specify the range of job training costs to be paid for that degree of skill.

For example they may decide that for a certain type of job, be it a computer programer let's say, the individual is completely unproductive for the first 13 weeks of his training, and therefore they will pay, in effect, the cost of employment, or the salary, for the first 13 weeks. Thereafter they may decide that for the next 13 weeks he is only 50 percent productive, and they will then reimburse the employer for 50 percent of the salary for that next 13 weeks.

This is the on-the-job training portion.

Mr. STEIGER. It would be helpful, I think, if we knew what kind of a job opportunity was being trained for at that level, because if I understand it, the average, you know, up to this point, is somewhere closer to $2,000, or $2,300, nationwide, and it is easy to pick that one figure out that is a significantly higher figure but it has to relate to something.

What does it relate to, what kind of a job?

Mr. ESCHWEGE. It relates to a job that needs considerable training, at least under their guidelines.

Mr. STEIGER. You did it in the five cities, and I would assume you would—you must have some knowledge, then, as to which kind of a company it was.

Mr. ESCHWEGE. Yes, we have some examples. I am told that this particular one, for $6,832.80, refers to cleraical positions in the automotive industry. It involved about 27 weeks of training.

Mr. STEIGER. In the automotive industry.

Mr. ESCHWEGE. As a clerk, though, not in the plant.

Mr. STEIGER. Was this the only one at this level?

Mr. ESCHWEGE. We are giving you a range. It was probably one of the highest ones, because the average was close to $3,000.

Mr. FORD. Did I understand you to say that it cost over $6,000 to train a person for 27 weeks?

Mr. ESCHWEGE. That is correct. This was the cost proposal.

Mr. FORD. For a clerical position in an automobile plant?

Mr. ESCHWEGE. This is an unusual one.

Mr. FORD. I hate to use the gentlelady from Oregon's general comparison, but there are colleges in this country that we could put you through for that much money, a couple of times over.

It is going to come as a great shock to the auto workers that I represent in the Detroit area, that clerks are really that hard to find and train.

I would just like to ask some more very quick questions, Mr. Chairman. I don't know whether you have the figures available this morning, but if you don't I would appreciate it if you would furnish the answers to these specific questions.

I would like to know what the latest cost data on the operation of the job corps centers is with particular attention to the training costs on a unit basis.

Mr. **Eschwege.** We will have to furnish that.

(The document referred to follows:)

JOB CORPS SUMMARY, ENROLLEE DIRECT COSTS[1] FOR THE PERIOD JULY 1, 1969, TO MAR. 31, 1970

	Average man-year cost		
	Center operations	Pay, allowance, and travel	Total
Men's centers	$5,040	$1,146	$6,186
Women's centers	5,162	1,215	6,377
State conservation centers	1,661	521	2,182
Federal conservation centers	4,711	1,186	5,897
Residential manpower centers[2]	13,312	811	14,123
Job Corps, total/average	5,096	1,161	6,257

[1] Information on indirect costs including amortization of capital, work project costs, overhead and support of the Departments of Agriculture and the Interior for operation of the Federal conservation centers, recruitment, placement, and headquarters staff cost, is not available.

[2] These centers are sometimes called minicenters. 5 centers are in operation, having been activated between July 1, 1969, and Mar. 9, 1970. The approximate number of months since activation for the 5 centers are:

Center:	Months
Hawaii	9
New Jersey	8
Phoenix	5
Atlanta	2
Portland	1

Mr. **Ford.** Then we would like to know what that was at the time the massive closing of Job Corps centers was announced in early 1969 and then by way of comparison, the comparison of the latest cost data on the mini centers that have replaced the Job Corps centers.

It is my understanding that out of five new centers three of them are actually shrunken Job Corps centers, where we are using the same basic facility and the same location, but just very few people, I would like the comparison of the training cost of that center now as contrasted to the cost when it was run as a Job Corps center.

I wonder if we could have an overall set of figures on what the mini centers are doing, the mini center that is a new center as well as the one that is a continuation or an offspring of the formal center.

Mr. **Eschwege.** We will have to furnish that for the record.

(The document referred to follows:)

The closing of certain Job Corps centers was announced by the Secretary of Labor in April 1969. The following schedule shows the enrollee direct man-year cost at April 30, 1969.

JOB CORPS SUMMARY, ENROLLEE DIRECT COSTS,[1] FOR THE PERIOD JULY 1, 1968, TO APR. 30 1969

	Average man-year cost		
	Center operations	Pay, allowance, and travel	Total
Men's centers	$5,659	$1,192	$6,851
Women's centers	5,241	1,247	6,488
Conservation centers	4,636	1,185	5,821
Job Corps total/average	5,200	1,204	6,404

[1] Information on indirect costs including amortization of capital, work project costs, overhead and support of the Departments of Agriculture and the Interior for operation of the Federal conservation centers, recruitment, placement, and headquarters staff cost, is not available.

The five Residential Manpower Centers (mini-centers) had an enrollee direct man-year average cost of $14,123 at March 31, 1970. (See previous schedule for details and approximate number of months since activation.)

COMPARISON OF DIRECT MAN-YEAR COSTS FOR RESIDENTIAL MANPOWER CENTERS NOW OPERATING AT PREVIOUS JOB CORPS CENTER LOCATIONS[1]

Center	Direct man-year cost for the period	
	July 1, 1968, to Apr. 30, 1969	July 1, 1969, to Mar. 31, 1970
Hawaii[2]	$6,455	$6,600
New Jersey[3]	7,177	13,145

[1] Only 2 of the 5 residential manpower centers (RMC) now in operation are using the same basic facilities and/or location as previous Job Corps Centers. The Hawaii RMC is the "old" Koko Head Civilian Conservation Center. The Hawaii RMC has the same capacity (250 trainees) as did Koko Head. The New Jersey RMC is located at the site of the former Kilmer Men's Center, but has a capacity of 370 trainees, whereas the Kilmer Center had a capacity of about 1,900 trainees.

[2] This center was activated on July 1, 1969, as a Residential Manpower Center.

[3] This center was activated on Aug 1, 1969, as a Residential Manpower Center.

JOB CORPS RESIDENTIAL MANPOWER CENTERS BREAKDOWN OF DIRECT COSTS FOR THE PERIOD JULY 1, 1969, TO MAR. 31, 1970

	Residental manpower center				
	Atlanta	Hawaii	New Jersey	Phoenix	Portland
Center operating expenses:					
Enrollee expenses	$22,041	$223,224	$306,063	$66,727	$42,134
Operation and maintenance	206,303	113,983	89,861	68,357	23,247
Other operating expenses	144,282	0	3,061	155,050	79,348
Total center operating expenses	372,626	337,207	398,985	290,134	144,729
Center staff expenses:					
Staff salaries, wages, and benefits	421,964	557,246	551,075	393,334	108,912
Staff travel	31,573	13,855	3,201	33,361	4,005
Staff training	500	1,108	0	1,979	96
Total center staff expenses	454,037	572,209	554,276	428,674	113,013
Total operating and staff expenses	826,663	909,416	953,261	718,808	257,742
Less income	0	0	8,450	200	300
Center costs	826,663	909,416	944,811	718,608	257,442
Enrollee direct costs, pay, and allowances	12,165	127,408	62,122	17,517	3,568
Total center and enrollee direct costs	838,828	1,036,824	1,006,933	736,125	261,010
Equivalent man-years	15.0	157.1	76.6	21.6	4.4
Actual average man-year cost	$55,922	$6,600	$13,145	$34,080	$59,321
Enrollment as of March 31, 1970	139	258	284	75	83

Note: Approximate number of months since activation: Atlanta, 2; Hawaii, 9; New Jersey, 8; Phoenix, 5; Portland, 1.
Source: Job Corps Center financial data, Department of Labor.

Mr. FORD. Thank you very much.

Thank you, Mr. Chairman.

Mr. O'HARA. Mr. Steiger.

Mr. STEIGER. Would it be possible to go back to the collection job being trained for at that level of $6,833? At what point are we talking about that program, are we talking about an MA-3 contract?

Mr. ESCHWEGE. An MA-3 contract, early in the program.

Mr. STEIGER. Entered in to when, approximately, 1968?

Mr. ESCHWEGE. Late in calendar year 1968.

Mr. STEIGER. I appreciate that very much.

Mr. O'HARA. Would the gentleman yield?

Mr. STEIGER. Yes; of course I yield to my chairman.

Mr. O'Hara. With what auto company?

Mr. Eschwege. We were trying to keep the names out of it, because we had not had an opportunity to have them comment, but it is the Ford Motor Co.

Mr. O'Hara. Thank you.

Mr. Ford. I would just like to observe that Ford Motor Co. was training girls in the Job Corps Center a lot cheaper than that, or for more sophisticated work.

That is a good area for us to make a comparison. Ask the chairman to allow a request, since we know the Ford Motor Co. in contracting for the Job Corps Center apparently was training people for more sophisticated employment at a lower cost than this clerical training program in the JOBS programs, to have a specific comparison made between the cost involved in their contract under the JOB Corps program and the cost involved in their contract under the JOBS program. This would give us the possibility of determining why this same contractor has such a different cost under the two programs.

Mr. O'Hara. Without objection, counsel will be directed to ascertain from the Ford Motor Co. just what the situation is.

(The document referred to follows:)

Philco-Ford Guthrie Job Corps Center Summary

In 1969, the Philco-Ford Guthrie Job Corps Center provided comprehensive training for young women at an average cost per corpswoman of $4,988. In addition, allowances for travel, dependents, monthly allowance, and readjustment totaled $1,230, a figure generated by the Jobs Corps prorated over all its centers. Based on these figures, the cost per corpswoman day was $17.27.

In 1969, during the term of the Manpower Administration contract administered by Ford Motor Company, the Company provided training to men and women at an average cost per salaried clerical trainee of $3,363. Based on this figure, the cost per salaried clerical trainee day was $12.93.[1]

Great care should be exercised in comparing these figures. The Guthrie Job Corps Center is a comprehensive, 24-hour-a-day, 7-day-a-week residential training program; the Manpower Administration program was a limited, 8-hour-a-day, 5-day-a-week non-residential program. The Guthrie program seeks to provide total renewal training leading, in part, to placement. The Manpower Administration program was designed to put primary emphasis on preparation for placement and on-the-job training after placement.

THE GUTHRIE JOB CORPS CENTER—CORPSWOMEN COSTS

The Guthrie Job Corps Center provides a comprehensive, 24-hour-a-day, 7-days-a-week residential training program to prepare young women, 16 through 21 years of age, of all ethnic groups, for useful employment and the responsibilties of citizenship. The residents are given general education, occupational training, cultural enrichment, supportive services, as well as clothing, food and shelter, medical and dental services, and pay and allowances. The training program is designed to promote and facilitate the adjustment of individual trainees to socially acceptable patterns of attitude and behavior necessry for acceptance into productive society. This training includes general and occupational education, homemaking skills, health and physical education, encompassing personal hygiene and family health practices, interpersonal relationships, including a greater self-understanding. The Center also provides educational programs to meet the specific needs of each Corpswoman. The basic education program includes all requirements necessary to allow Corpswomen to prepare for their chosen vocation or the high school equivalency examination. In instances involving low previous education attainment levels, the educational program scheduled for each Corpswoman is designed to compensate for those deficiencies. The Guthrie Center provides all equipment, facilites, staff and services required to accommodate 600 young women. Occupational training is offered in the following vocational clusters:

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[1] Please note that earlier estimates by Ford Motor Company had placed the figure per salaried clerical trainee at $6,833 or $26.28 per day. The lower costs were achieved by program efficiencies and the absorption of certain costs by Ford Motor Company.

Business and Clerical; Health Occupation; Cosmetology; Drafting; Lithography; and Electronic Assembly.

The vocational program provides training for specific occupations within each cluster. The training is complemented by on- and off-Center work experience. Training emphasizes the development of personal characteristics and attributes sought by prospective employers. The length of training period may vary from four to fifteen months. Counseling is made available to the Corpswoman throughout her stay at the Center. The counseling program is integrated with all aspects of the Corpswoman's life at the Center, but particularly with her personal development and with the educational and vocational aspects of her training. The Center's placement responsibility is to assist Governmental and other agencies in their efforts to secure employment for individual trainees.

Organized recreational activities are an integral part of the program for the beneficial use of leisure time both on and off the Center grounds.

It becomes apparent that the Job Corps concept addresses the needs of the total individual including cultural, social and personal development as well as prolonged occupational training.

Because of the nature and differing objectives of the Job Corps Program, its costs can only be approached from a Corpswoman's costs per year. The costs of training a Corpswoman at the Guthrie Center during 1969 averaged $4,988 per Corpswoman year. In addition to the contract costs were allowances for travel, dependents, monthly allowances, and readjustments, which totaled $1,230 per Corpswoman in 1969. Such allowances were prorated for all Corpswomen and did not apply specifically to the Guthrie Center.

PROJECT 250 SALARIED CLERICAL TRAINING—MDTA CONTRACT 24–7–7–001–000

The original contract proposals for Project 250 contained an estimate of $341,659 to train 50 salaried clerical trainees. This figure was developed to cover all possible program contingencies. The estimate worked out to $6,833 per trainee (see Attachments A and B), and was approved by the Chicago Regional Manpower Administrator as part of MDTA Contract 24–7–7–001–000 dated July 30, 1968. Actual program costs billed to the Department of Labor totaled $147,650 or $3,363 per salaried clerical trainee (see attachment B). The lower costs were achieved by program efficiencies and the absorption of certain costs by the Ford Motor Company. The absorbed costs included items such as time off the job for orientation and personal counseling along with productive differential during training. Upgrading and career development activites were carred out on a more limited basis than originally anticipated because the majority of the trainees voluntarily elected not to take time off the job for this purpose. Each of the trainees was eligible for, and many did, utilize Company after-hours education programs. These costs were not billed to the Department of Labor.

The major objectives of the project were substantially met and outside consultants rated the salaried clerical training program as an outstanding success. The evaluation also indicated that with sufficient support, hardcore unemployed women can be integrated into the workforce with retention comparable to other salaried employees.

COMPARISON OF APPROVED BUDGET AND ACTUAL EXPENSE FOR 50 SALARIED CLERICAL TRAINEES

PROJECT 250 SALARIED CLERICAL TRAINING—MDTA CONTRACT 24-7-7-001-000

Cost item	Approved budget	Actual expenses
Recruiting, hiring, and minor medical (minor medical and dental treatment)	$4,000	$371
Off-the-job training and counseling (trainee wages, basic training, personal adjustment, job skill training and productive differential)	171,136	100,243
On-the-job training and counseling (job orientation and personal counseling)	64,827	31,345
Upgrading and career development (continuing education)	98,696	11,056
Research and evaluation	3,000	4,635
Total	341,659	147,650

ATTACHMENT B

PROJECT 250 SALARIED CLERICAL TRAINING, MDTA CONTRACT 24-7-7-001-000 (SUBJECT: COMPARISON OF APPROVED AND ACTUAL UNIT COST FOR 50 SALARIED CLERICAL TRAINEES)

	Approved by contract	Actual
Total program costs	$341, 659	$147, 650
Number of program training days	260	260
Total number of trainees	50	[1] 43.9
Total number of reimbursable days	13, 000	[1] 11, 416
Total cost per trainee	$\frac{\$341,659}{50}=\$6,833$	$\frac{\$147,650}{43.9}=\$3,363$
Daily unit cost	$\frac{\$6,833}{260}=\$26.28$	$\frac{\$3,363}{260}=\$12.93$

[1] Because of phasing trainees into the program at different times, not all 50 salaried clerical trainees had completed their 260 training days as of Dec. 31, 1969, the actual contract termination date. The number of training days billed as of Dec. 31, 1969, is the equivalent of 43.9 trainees. Those trainees who had not completed their 260 days were absorbed into the regular work force and no further billings were made to the Department of Labor.

Mr. STEIGER. First of all let me assess, if I may, this concept of a preliminary report you are presenting today. Is this the practice of the General Accounting Office, that they release preliminary data?

Mr. ESCHWEGE. No, sir; it is not our general practice, but since our report, and our review, actually, would not be completed in time for these important hearings before your subcommittee, we felt that we could make some contribution by coming here today and giving you preliminary observations and findings. We recognize that you need this information now and not in the fall when this report might come out.

Mr. STEIGER. As I recall, however, the practice in the past has been that a preliminary report of this kind has not been made available to Congress. I remember the efforts 2 years ago when efforts were made to get preliminary GAO reports.

I must say I am surprised by this precedent you have established. Have you not as yet formally sent this to the departments for their comments from you?

Mr. ESCHWEGE. That is right. Now, Congressman Steiger, I think it depends upon how far we are along in the review. In this case, I would say we are about 75 to 80 percent complete in our fieldwork, and we have formed some pretty definite opinions, and some of them are really backed up by other studies that have been made of the JOBS program.

Of course this is not yet a report; it is just a statement put together for the purpose of presentation here today.

Mr. STEIGER. All right. I will let them go at that. I again tell you that it will put forward, I think, some problems if you maintain this posture.

I am not sure this is entirely fair, but that is your judgment, and not mine.

Let me go through your statement, if I may, and try to inquire in some detail on certain statements that are made. On page 9, you say a number of persons enrolled in the JOBS program did not appear to be eligible for its benefits under established eligibility criteria.

Are you in this instance talking about noncontract positions, or contract positions?

Mr. Eschwege. We are talking about both.

Mr. Steiger. You are talking about in the San Francisco-Oakland area?

Mr. Eschwege. This is an example we are using.

Mr. Steiger. Yes; I understand that, but you are saying, for example, that hire cards, only 17 percent then contained information on family incomes.

Is that noncontract hire cards, or contract hire cards?

Mr. Eschwege. That again is both.

Mr. Steiger. That is both; 441 persons had family incomes which exceeded that permissible for inclusion by amounts ranging from 100 to 7,700. In terms of the time frame on which that figure is based, are you talking about 1968 figures, are you talking about 1969 figures, or are you talking about 1970 figures?

Mr. Eschwege. This would be as of September 30, 1969, up to that point.

Mr. Steiger. And it would include the full range from the start of the program through December—no, September 30, 1969.

Mr. Eschwege. That is right.

Mr. Steiger. At amount of $7,700, for which you stated that that is an amount exceeding that permissible, do you have any relationship between that figure and whether that is training for a computer skill job, or a lower skill job, or a higher pay job versus a lower paid job?

Mr. Eschwege. No; I do not. We could furnish this if you would like us to.

Mr. Steiger. Again your second point is that there are jobs which are historically low wage, high turnover occupations.

You specifically mention in San Francisco such things as janitors, messengers, maids, porters, et cetera.

Are these noncontract jobs?

Mr. Eschwege. Yes, sir; there were noncontract jobs.

Mr. Steiger. All of those listed on page 10 are noncontract jobs?

Mr. Eschwege. In the example yes, they are noncontract jobs.

Mr. Steiger. Third, you recommended that there be greater relationship between CEP and the JOBS program, and then you point to the Oakland, CEP. I am a little unclear, I must tell you, about what you are talking about here.

The Oakland CEP reported that only 200 odd out of 1,100 had been placed on JOBS programs, and San Francisco was a lesser number.

I think I am accurate that the JOBS concept is not limited to CEP target areas. The CEP is a specific target area but the JOBS is a metropolitanwide area.

So can you indicate what that figure means to us, since I don't understand what it is, what its relationship is at all?

Mr. Eschwege. If you have a CEP in a city like Oakland, CEP enrollees are supposed to get preference on JOBS contract pledges.

The jobs don't necessarily have to be in the target area of that CEP, which encompasses probably an area smaller than the whole city.

Mr. Steiger. My point would be, are you really analyzing apples and oranges? We were in Seattle for a field trip. The Seattle CEP was not producing anybody for training in the Seattle OIC, for example.

That is not a criticism of SOIC, since that is not their responsibility.

It is a criticism of JOBS, or more appropriately a criticism of CEP. Just to give the figure is not an accurate appraisal, in my opinion, between the relationship between the CEP and the jobs.

Mr. Eschwege. I think there is a problem at both ends. The JOBS employers prefer to hire their own people and just send them over to the CEP for certification under the contract component where it is required that they be certified.

There is probably also a problem with CEP not fully coordinating and taking advantage of the JOBS openings in this 48-hour period in which they have this priority, but I would say as a general rule we find that the employers prefer to bring in the man themselves and interview him and, if they decide to hire him, just send him over to CEP for certification.

Mr. Steiger. On page 12 of your statement, you go into the so-called market cost concept. It is my understanding and I am correct, am I not, that the market cost concept is no longer being used by JOBS?

Mr. Eschwege. It has been refined under the MA–6 contract, where they will breakdown, especially the supporting services costs, in more detail than they have in the past. In the past it was just one figure.

The breakdown now is separate for medical services, transportation, basic education, and so forth, so that there has been some increase in controls under MA–6. But this only started late last year, and we did not get into that too much yet.

Mr. Steiger. All right. But in terms of your analysis, the record ought to indicate, shouldn't it, that the market cost concept has been changed, and is no longer being operated as it was at the time this analysis was made.

Mr. Eschwege. Well, they call it by a different name, sir, but it is still a pricing concept whereby actual costs are not considered as much.

The actual costs of such employer is what I am referring to. There are fixed costs beyond which the department will not make a contract, for a given skill and for certain types of training.

Mr. Steiger. I am going to, with the permission of the Chairman, insert a preliminary answer by the Labor Department to some of the points that you have made, but you have a paragraph in here in which you talk about the Department guidelines instructing negotiators to take a handsoff attitude with contractors and not press them too far for details.

I wonder whether or not that is in fact in context from the manual that is used?

Mr. Eschwege. Well, the reference here is that the negotiations environment must assume a nonadversary posture. This was so under the MA–3 program. It also mentions this average of a half an hour beyond which they should not negotiate with the employer in face-to-face negotiations.

Mr. Steiger. Is that MA–3?

Mr. Eschwege. Yes; that is right.

Mr. Sanger. Yes.

Mr. Steiger. What is the status now in MA–6?

Mr. Eschwege. It is basically the same I am told.

Mr. Steiger. Well, let me read this statement and then you comment on it—

The time element referred to misconstrues the amount of time the negotiator is to spend on the proposals.

It goes on from there at length.

This is the end of the quote here.

Do you see that?

Mr. ESCHWEGE. Yes.

This is MA-6 you are reading from, but as we understand, they are still not evaluating all these cost factors that are being proposed.

All they are doing is making sure they don't go over a certain maximum that the Department has prescribed.

Mr. STEIGER. Your contention is, then, and I am not sure just what your contention is, I must admit. Are you saying that there is not adequate valuation of the proposed contract?

Mr. ESCHWEGE. Yes; in some of the instances, we found it was not adequately evaluated. In some cases there were errors in the use of the guidelines, and in other cases apparently there was just no time to evaluate them fully.

Mr. STEIGER. What I will do, if I may, Mr. Chairman, at this point is to ask unanimous consent to insert in the record the complete text of a letter to the Labor and Public Welfare Committee of the Senate from Arnold Weber of the Department of Labor.

Mr. O'HARA. Without objection so ordered.

(The letter referred to follows:)

U.S. DEPARTMENT OF LABOR,
Washington, D.C., April 28, 1970,

Hon. RALPH YARBOROUGH,
Chairman, Labor and Public Welfare Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: A majority staff report on the Job Opportunities in the Business Sector (JOBS) program has been transmitted to you by Chairman Nelson of the Senate Subcommitte on Employment, Manpower and Poverty. The Department of Labor welcomes criticism of its manpower programs by the Congress, but there are several areas where the majority staff report can be improved upon.

It is recognized that the General Accounting Office is presently studying the JOBS program and a full and complete assessment of the program's performance may not be possible until late in 1970. However, in the interest of providing a balanced picture at this time, the following comments are in order:

I. INTRODUCTION

The JOBS program represents unique meshing of the resources and abilities of business and government in finding jobs for disadvantaged unemployed persons. We are aware of the problems encountered by virtually all of the other manpower programs now available—that is, the ability to locate jobs that not only pay well but also offer opportunties for advancement after the training has been completed. This is what the JOBS program offers, and in greater quantity and quality than all efforts that have preceded it. The JOBS program is a landmark program of cooperative effort and should be a cornerstone of our future manpower programs. It is recognized that there are problems in the JOBS program as is the case of any large undertaking and growing pains are to be expected. The business-government effort has been extremely alert in correcting problems and is continuously improving and strengthening the program. We hope to point out in this report the considerable strengths of the program as well as its weaknesses and the steps that are being taken to further improve it.

The most important conclusion drawn from the Subcommittee report appears on Page 138:

> Whatever problems may be present in the NAB/JOBS Program as it now stands, however, there is no question that it has made significant contri-

butions to the problem of finding jobs for the hard-core unemployed. As with any new programs, particularly one with such an ambitious goal, it is hardly surprising that problems have been encountered in attempting to carry out, on a practical and nationwide scale, one of the first programs to significantly link together Government and private enterprise for the solution of a most pressing social problem. As Levitan, Mangum and Taggart indicate:

> * * * for every anecdote of a firm on the make or less than fully committed, there are equally documented cases of firms going far beyond their contractual obligations to absorb extraordinary costs and expand extra efforts. (Page 35)

The benefits of the JOBS program go beyond the jobs given to thousands of disadvantaged persons. Many of the executives who have worked for NAB have gone back to their parent companies with a greatly increased understanding of the problems of the disadvantaged, and an increased concern for contributing to the solution of those problems. Firms which previously would not have thought of hiring the hard-core, or perhaps even any member of a minority group, have found that a change in this policy is a benefit not only to the hard-core disadvantaged, but to themselves.

II. RESULTS OF THE PROGRAM

The performance of the JOBS program to date has been impressive. The program was announced by President Johnson in his Manpower Message to the Congress on January 23, 1968, and program activities began in March of 1968. In a scant period of less than two years, over 432,000 disadvantaged persons had been hired, and nearly 53% were still employed by the original firm or had stayed on the firm's payroll for at least six months. This remarkable effort has involved nearly 25,000 firms throughout the country. In addition, a large percentage of the firms have hired and trained disadvantaged persons without the benefit of government financial assistance. To date, over 70% of the disadvantaged persons have been hired by firms under the non-contract phase of the JOBS program.

A. *Interpreting Statistics*

The majority background report raises the question of the accuracy of the statistics under the JOBS program, especially in the non-contract portion which relies upon the voluntary efforts of businessmen in the reporting of hires and retentions. Clearly, in a major voluntary effort such as this, there are going to be some areas of non-reporting or incomplete reporting. The performance of the JOBS program has been so substantial, that whatever structural softness may be present in the raw statistics, by any objective standard, the program would still be more successful in finding jobs for disadvantaged persons than all previous efforts.

There is evidence available to support the greatest proportion of the figures given. For example, a follow-up study on the income earned by former JOBS employees was made using data from the Social Security Administration. Though individual records were not examined by NAB, the Social Security Administration compiled data in a manner which would indicate shifts in both annual earnings and the number of quarters JOBS employees were employed.

The results of this study are meaningful. A random sample of 12,000 trainees was studied including employees from both contract and non-contract JOBS programs. The mean earnings of the 12,000 employees in calendar year 1966 was $1,499. During 1968, mean earnings for these employees increased to $2,592—an increase of 73%. In addition, the number of employees with no reported earnings in 1966 decreased by 90% in 1968, and, in the same period, the number of employees with earnings between $4,000 and $6,000 increased by more than 50 percent. It is evident that JOBS employees have substantially benefitted from their participation in the program. This is substantiation of the viability of the JOBS program and there is no "softness" in these statistics.

A Labor Department study of the wages received by JOBS employees under the MA–5 contract portion of the program further illustrates the overall effectiveness of the program. This study, which surveyed the wage rates in contracts signed in the first half of FY 1970, showed that the more than 15,000 employees participating in these contracts receive an average wage of $2.10 per hour at the time of entry into training and could expect to receive an average of $2.49

per hour after nine months. This represents an increase of nearly 19% above their starting wage. This wage rate further represents an annual wage of $5,200. The average family size for JOBS contract employees is 3.7 and an estimate of the poverty level income for a family of that size is $3,420. Thus the income of the average JOBS emyployees will be raised considerably above the poverty level. This also indicates that the jobs being offered by employers on the whole, cannot be characterized as low wage, deadend jobs.

The subcommittee background report indicates that some of the jobs found in the program, both under the contract and noncontract phases, do not offer the employee the full opportunity to earn a proper living. This should be corrected through careful administration and the development of standards that would ensure all trainees the opportunity to break out of the poverty cycle. We believe that this standard should not be based solely on the wage rate of the job but also on the potential for advancement offered by the job. In addition, such standards should take into account the geographical differences of prevailing wage rates and particularly the cost of living in a specific area. The wage rate that is acceptable in New York City is not comparable to that which could be expected in Vermont.

As the background report by the subcommittee points out, there have been deficiencies in the management data system for the contract and non-contract JOBS programs. It is acknowledged that as a result of these deficiencies certain important items of information on the progress of the program are lacking. We strongly believe that the JOBS program must have an accurate comprehensive data system to allow the Congress and the Administration to properly assess the results and effectiveness. The Administration has recognized these deficiencies and has already taken steps which will result in improved information. It is our understanding that a completely revamped JOBS management information system has been developed and implemented by the Department of Labor and the National Alliance of Businessmen working in a cooperative effort. This information system is designed to specifically produce information on completors of the contract JOBS program. This information could not be recovered from the system developed under the previous Administration. The new information system also designed to produce a complete response from JOBS contractors for all information required. The information system for the non-contract JOBS program has also been revised in accordance with the changes in the contract JOBS system. In addition, further study is underway to determine the most effective means for aiding non-contract employers in their reporting efforts.

The present reporting system does produce accurate information confirming the fact that the JOBS program is, in fact, reaching disadvantaged persons. It is significant to note that the characteristics of the employees in the non-contract program are essentially similar to those under the contract program. The criticism that has been voiced that employers are "creaming" or not hiring disadvantaged persons does not appear valid. Undoubtedly some employers in a large program such as JOBS will not follow the requirements, but the following information conclusively demonstrates that the JOBS program is reaching the disadvantaged (See Attachment 1):

> The average income for all participants prior to enrollment was $2,432 while the average family size was 3.6 persons. The poverty level for this family size is $3,360 or almost $1,000 more than the average wage prior to enrollment.
>
> Seventy-three percent of all employees were Negroes and an additional 16 percent came from other minority groups such as Mexican Americans and Puerto Ricans. Thus a total of 90% of all JOBS employees are members of minority groups.
>
> Fully 50 percent of all JOBS employees are under age 22, the same age group as that of the Job Corps. Furthermore, 73 percent of JOBS trainees are male.
>
> Sixteen percent of JOBS employees were receiving public assistance.
>
> The average JOBS employee had received only 10.5 years of schooling.
>
> The average JOBS employee had been unemployed 21.5 weeks.

The characteristics of JOBS employees noted above tell the story well. The JOBS program is reaching the young Negro male who has been unemployed for a lengthy period of time and who has not graduated from high school. This group is most likely to have poorly developed work attitudes and other employment impediments. It is this group that comprises one of the major social concerns to the country and the JOBS program is clearly reaching them.

B. Management Procedures

We believe that it is absolutely imperative that effective program management procedures be implemented in dealing with a program with the scope of JOBS. With the expansion of the program from the first tier of fifty standard Metropolitan Statistical Areas to the entire nation, serious understaffing problems in the Labor Department's regional offices became readily apparent. The regional DOL offices responded to this additional strain by reallocating staff, but these shifts in personnel had to be articulated with the rest of the Manpower Administration's programs. In September, 1969, in response to the increased workload of projects funded after the second tier of 125 metropolitan areas was added to the program, a systematic monitoring schedule was put into place. Regional office monitoring staff were required to visit on-site all companies awarded JOBS contracts. The first visit was to be made within 30 days after the execution of the contract, and thereafter in frequency according to the size of the contract award. Contracts with a total obligation in excess of $100,000 were to be visited every 30 days; those between $50,000 and $100,000, every 60 days; and the balance, with obligations of less than $50,000 at least once every 90 days. Reference is made to this system in the *JOBS Handbook*, Page VI–2.

When it was decided in the fall of 1969, that the contract would be available to employers throughout the country, over 500 State Employment Service staff members were specially trained to augment the regional office staff. The responsibilities of these State based Contract Service Representatives are to assist in the promotion and development of JOBS '70 proposals, and to also engage in technical assistance to contractors after the award of a JOBS contract. These representatives are not to function as contract compliance officers during post award visits, but to aid contractors in program operation. Implicit in this activity, however, is the notification of the appropriate regionally based monitoring staff if any contract irregularities are uncovered. Where additional investigative activities are deemed appropriate, the Special Review Staff of the Assistant Secretary for Manpower is alerted. This staff will conduct an intensive on-site investigation of the charges to determine what action should be taken. This action includes referral to the Department of Justice when elements of fraud against the Government are exposed. It is important to note that the Special Review Staff has investigated only 27 cases for possible instances of fraud or gross mismanagement. This is approximately 1% of the number of contracts executed.

The revised information system is programmed to detect instances of nonreporting contractors or abnormal invoicing practices. The system will function as a backup for regional staff who might not have picked up invoicing or reporting aberrations.

The Department of Labor has also employed audit firms to supplement departmental auditors in reviewing contract activities. Evaluation studies are continually being conducted. Much of the information in the Subcommittee Report was extrapolated from the Systems Development Corporation's evaluation report, conducted under Labor Department auspices. Other independent evaluation groups have been employed to scrutinize the effectiveness of the JOBS program including its impact on the community, and to determine which program designs appear to be the most effective. These evaluation studies and other reports are used to constantly improve the JOBS program.

There is a suggestion in the background report that community groups be involved in contract negotiations ostensibly to assist the Government in screening out exploiters of unskilled labor. We do not believe that it would be proper to invite third parties, who are not involved in the contract, to participate in contract negotiations. The suggestion does lend itself, however, to a form of community involvement that is in existence and which can be developed further. The NAB has set up Community Advisory Boards in the majority of its Metro offices. Leaders of the minority community are providing assistance in the program's outreach activities. These groups could be contacted as part of the pre-award survey conducted by the Labor Department's proposal evaluators to cull out the companies known to have had reputations in the community because of their dealings with the local populace. These activities would necessarily be done prior to additional contract with proposers to insure the privacy of contract between the principals.

There is a safeguard against runaway invoicing by contractors by the nature of the contract mechanism. As a fixed unit cost contract for performance, no billings can occur except in relation to employees being on the job and in training. The contract is based on performance insofar as attendence is concerned, and the success of the program's methods is reflected by its retention of the JOBS employees. Unlike cost reimbursement contracts where the costs accrue regardless of program success, an unsuccessful JOBS project that does not hold the employee will not receive funds available under the contract.

The Department of Labor and the National Alliance of Businessmen have had a continuous and fruitful relationship since the inception of the JOBS program. The unique nature of the DOL-NAB relationship has resulted in some difficult moments, but good examples of the results of this relationship are the recently developed JOBS '70 Consortium and the revamped JOBS management information system. Contrary to the comment noted on page 121 of the Subcommittee Report that NAB "rejected" the revised management information system, NAB actually worked very closely in the development of the system and provided invaluable assistance in its expeditious printing, distribution and implementation.

The letters received by the Subcommittee bear out the generally favorable response by business to the combined efforts of the Labor Department and NAB. Where businessmen are critical of the DOL it has been generally on the firmness of the Department in adhering to the guidelines. Both the DOL and NAB have maintained a careful, arms-length relationship on the issuance of JOBS contracts being very much aware of possible charges of conflict of interests.

A very important product of the NAB–DOL relationship is the change in attitude and outlook within the participating business community with regard to their hiring and supervisory practices. Many of the traditional practices have been demonstrated to be outmoded and new policies have been developed. In addition, many businessmen through their association with NAB, have gained a new outlook on the problems of the country which they carry back to their firms. These are some examples of the long-run benefits that this cooperative relationship has brought about.

C. The Changing Economy

The Subcommittee background report places great emphasis on the vulnerability of the JOBS program to "recession". While the affect of an economic downturn will definitely influence the hiring and employment posture of some employers, it is certainly premature to consider the economy as presently being in a recession. Furthermore, it must be kept in mind that approximately 70% of all private sector employment has been substantially unaffected by earlier recessions.

We believe that the JOBS program can and should remain a major element in the Nation's manpower program. Certainly the program must be adaptable to the employment situation. The fact that the program can respond is evidenced by recent events dealing with the Chrysler Corporation. As is noted in the Chrysler letter to the Subcommittee, it became impossible for the Corporation to fulfill its commitments to train additional people for its assembly plants. Facing the reality of the situation, the Corporation developed additional programs for the training of auto mechanics and auto body repairmen at its dealerships where the need for trained people continues unabated, and, in fact, is growing. Chrysler has also taken this opportunity to contract for the upgrading of 400 working disadvantaged persons presently on its payrolls for more challenging jobs in the Corporation. This reflects one company's adaptability to changes in the economy.

There are growth areas in the economy at all times and the JOBS program has been moving in this direction. A new JOBS consortium contract has been developed and issued. It is designed to involve smaller businessmen, particularly those in the emerging service occupations such as TV and appliance repair, auto repair, and health occupations. The move to the smaller employers has been particularly evident during FY 1970. The recent accelerated performance of the JOBS program belies, in part, the dire predictions made in the Subcommittee report. From February 16, 1970, through April 10, 1970, 652 contracts serving 18,033 disadvantaged persons at a cost of $40,022,000 were approved.

III. Setting the Record Straight

It would appear that some erroneous background information has led to a compounding of the generalizations presented in the Subcommittee's staff background report. This inadvertent misreading of the available information has unfortunately colored some of the basic statements found in the report.

On the discussion of the program results (Page 3) the statements are made that "The annual Manpower Report of the President . . . conceded that the JOBS premise is not fully tested . . . that the program has had startup problems, the most serious of which has been high turnover." In context, the annual report stated on page 62:

> This program is built on the premise that immediate placement in jobs at regular wages; followed by training and supportive services, provides superior motivation for disadvantaged individuals. This premise *is supported by initial experience*, although it is not yet fully tested. The program has had startup problems. The most serious problem to date is turnover, *which has been greater than expected, although it appears to be about on a par with the usual experience in entry-level jobs.*

(Emphasis supplied)

Thus, while the actual statement does recognize some program difficulties, it nevertheless puts them in perspective to the actual circumstances regarding the program.

Another error, while of simple arithmetic, unfortunately exaggerates the program's turnover problems. On Page 4, the background report states that of some 30,756 persons hired, only 14,564 remained on the job, giving a retention figure of 32.1 percent. This is an arithmetic error and it should be *47.5* percent, of course, which when supplemented by the 8.9 percent that the GAO concluded may have terminated for "good reasons", the retention rate of the MA–3 contracts would increase to *56.4* percent, rather than the 41.0 percent as reported. Compared to the 54 percent turnover of American industry as a whole, it would appear that the program is at least retaining the chronically unemployed on a par with the general mainstream of the Nation's workforce. This is indeed notable when we realize that the JOBS program serves a disadvantaged, chronically unemployed clientele.

While it is the hope that contract negotiations would not be overly protracted, the nature of the report's recital of the negotiator's role is overstated. The Report on page 112 cites a "Thirty Minute Rule" and goes on to paraphrase statements found in the Negotiator's Handbook that would lead a casual observer to conclude that in fact the emphasis is on "get the money obligated as quickly as possible to make a good showing for the program."

Unfortunately, the background report neglects to include many of the statements that emphasized the absolute need for program quality which are noted below:

> The principal purpose of (the JOBS Program) is to assist hard-core unemployed persons in obtaining jobs and the related training and other support necessary to insure that they become stable and productive members of our society. The principal purpose of the MA–4 contract must be the same (*Operating Manual for the Evaluation, Negotiation and Award of MA–4 Contracts, Page IV–2*). Manpower Administration policy calls for agreement between the evaluator and the proposer on program before evaluation and negotiation of price. Emphasis on the program factor does not minimize the importance of contractor responsibility or proposed price; rather, it stresses the criticality of program excellence to the overall success of the MA–5 program. (*Operating Manual for the Evaluation, Negotiation and Award of MA–5 Contracts, Page 65*)

The time element referred to by the background report also misconstrues the amount of time the Evaluator/Negotiator is to spend on each proposal. Mindful of the time constraints on businessmen in the normal course of their business activity, and acknowledging the fact that the JOBS program is an adjunct to their main purpose, the Handbook prescribes that prior to meeting with an employer face to face, a series of eight procedures be completed. They include an evaluation of the proposal and a verification of the job levels; a check of the company's eligibility through EEO compliance lists and financial soundness. (Dun and Bradstreet check); obtaining additional information via the telephone, and preparation for negotiation with other staff members. (*Handbook for the JOBS Program, Page V–23*). The emphasis is on prenegotiation preparation rather than discussions face to face.

Likewise regarding the injunction that "few MA-6 proposals should be rejected out-of-hand as nonresponsive" the Handbook continues:

> Only those which appear permanently impaired—for example, those from ineligible employers—should be summarily rejected. It is quite possible that the MA-6 program, as structured, will require considerable DOL effort to assist contactors in preparing acceptable proposals (*Cf. Handbook, Page IV-1*).

Further discussion lists the other proposal disqualifying factors and states that any of the disqualifying factors must be repaired before further negotiations. (Cf. *Handbook*, page V-10 et seq.) This is at considerable variance with the background report statement that ". . . the NAB/JOBS program creates a situation where contracts (which may involve up to several million dollars) may be granted with relatively little review" (page 113).

Even though the training of Department staff is continually evolving, a closer and more thorough reading of the available instructional materials would have clearly indicated that a strenuous procedure of checks and rechecks have been instituted prior to any contract award. The background report (page 16) does take some cognizance of the contracting procedure when it states, although this time with some implied criticism . . . "that some Labor Department representatives, at least, are quite rigid on what they will or will not approve in JOBS contracts . . ." And of course, this approval is necessary if a contract is to be executed.

Another point of possible misunderstanding is what the contract covers for repayment. Prior to the MA-6 (JOBS '70) contract series, Department of Labor negotiators would consider total dollar cost in relation to the job skill, the wages paid to the JOBS employee, and the presumed value of the supportive services to be provided in excess of what the employer would normally provide his other employees. There was little historical information to determine standard costs, for what is regarded as "normal" levels of costs could vary in each region of the country. In the restructuring of the latest contract format, however, a general body of information on cost bases was predicated and incorporated in the proposal package. The pricing guidelines were not set forth as norms, but rather maximums up to which a component price could be negotiated. The negotiations would now revolve around building a total contract cost on the individual elements of the training program. Exceptions in excess of the broad pricing guidelines would have to be approved by the Regional Manpower Administrator on a case by case basis.

The need for negotiations and questions on the cost of each of the program elements was reemphasized in the *JOBS '70 Announcement* (page 11): "The cost guidelines are maximums and special care should be taken to see that they do not become the norm". Much of the background Report dwells upon the extraordinary profits that might accrue to a contractor under the program. It nevertheless recognized that a serious, bona fide attempt to integrate those persons who might not have otherwise had the opportunity for a decent job, could cost an employer money (page 17).

It might do at this point to determine exactly how much an employer might get under the current MA-6 contract program. Apart from the wages paid to an employee (which becomes relevant in the determination of the On-the-Job Training component), an employer, receiving the maximum costs allowable would receive no more than $1,055.50 for the supportive services provided. (See Attachment 2.)

The balance of the contract cost is determined on the wage rate, with repayment for those times when an employee is clearly nonproductive. This would include the time spent in job-related education, orientation and counseling. The On-The-Job Training cost is determined on a basis of 50% of the wage rate for the period estimated to train an unskilled person for a specific job. The time spent in On-The-Job Training is based on the skill code as determined by the complexity of the occupation as reflected by the Dictionary of Occupational Titles. It was assumed that going from being completly nonproductive to fully productive during the hands-on skill training would average to a 50% productivity rate for the entire period. Thus the OJT cost element is not a wage subsidy but designed to offset the costs incurred during training while a full salary was being paid to the JOBS employee. Under many of the other training programs, a trainee may receive a training allowance, without regard to the wage potential of the occupation for which he has had training.

The statement found on page 110 of the background Report is misleading for it appears that the total cost of the services could be in excess of $5200. In point of fact, a contract under MA–6 would have to offer a disadvantaged person training for a skill code 10 (equivalent to becoming a Tool and Die Maker) at a salary of $4.00 per hour for a period of 45 weeks, giving maximum and complete services, including Child Care Assistance to have a contract price of $5213.

IV. Conclusion

We believe that this effort must be encouraged further, and we are pleased that the present Administration has taken the necessary steps to improve the operation of this program. We hope that the suggestions offered in this report will further improve and refine the program.

Sincerely yours,

ARNOLD R. WEBER,
Assistant Secretary for Manpower.

Mr. STEIGER. On page 13 now you have in here a statement that says there were 93,200 which exceeded the on-the-job training costs under the Department's own guidelines.

Which guidelines do you have reference to and would you accurately portray the fact that there really are not many guidelines in terms of what the permissible on-the-job training costs are?

Mr. ESCHWEGE. Yes, sir; there are guidelines. I am trying to figure out which contract this is. This is an MA–3 contract.

Mr. STEIGER. Which was entered into when, 1968?

Mr. SANGER. I am looking for a date here. It was one of the earlier contracts. I am not sure whether it was 1968, or early 1969.

Mr. STEIGER. All right.

But it was an MA–3 contract?

Mr. SANGER. That is correct.

Mr. STEIGER. And late 1968 or early 1969 would be your best estimate as to when that took place?

Then what is the specific guideline you are talking about?

Mr. SANGER. The Department included in its guidelines, cost ranges which were allowable for various positions, and these were used by the negotiator for determining whether these ranges were exceeded in the proposal.

There were specific dollar amounts.

Mr. STEIGER. Was there also, for example, flexibility given to the regional manpower administrator to make changes in those?

Were those hidebound guidelines?

Mr. SANGER. They were, with maximums and minimums.

Mr. STEIGER. With no wavability at all?

Mr. SANGER. I suppose they could have been waived.

Mr. STEIGER. That is my point. Were these clear, definitive guidelines that ought not to have been exceeded?

I am not sure that is the case, and I would like to have you submit for the record at this point the guidelines so that we can see them, or give us some better analysis as to whether or not those were definitive guidelines, or simply guideposts which were then up to the regional administrator or to accept, reject or to modify.

(The document referred to follows:)

SCHEDULE FROM THE MA–3 GUIDELINES

The following schedule from the MA–3 guidelines shows by skill level and wage rate, the range of Government contributions toward a contractor's extraordinary costs under the MA–3 program.

TABLE 4.—FIXED-UNIT COST GUIDELINES[1]

Job code[2]	Jump rate[3]	Range of additional weeks—OJT	Dollars per week—OJT	Total dollar range—OJT (col. 2 × col. 3)	Dollar range per week SS/C[4]	Total dollar Range—SS/C (col. 5 × 52 weeks)	Range of total fixed-unit cost[5] (col. 5 + col. 7)	Range of maximum adjusted fixed-unit cost (col. 7 × 110 percent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Group I:								
23-22....	$2.00	4-10	$10	$40-$100	$10-$20	$520-$1,040	$560-$1,140	$616-$1,254
21.......	2.00	8-14	15	120-210	10-20	520-1,040	640-1,250	704-1,375
20.......	2.00	12-18	20	240-360	10-20	520-1,040	760-1,400	836-1,540
Group II:								
19.......	2.25	16-22	25	400-550	10-20	520-1,040	920-1,590	1,012-1,749
18.......	2.25	20-26	25	500-650	10-20	520-1,040	1,020-1,690	1,122-1,859
17.......	2.25	24-30	30	720-900	10-20	520-1,040	1,240-1,940	1,364-2,134
Group III:								
16.......	2.50	28-34	30	840-1,020	10-20	520-1,040	1,360-2,060	1,496-2,266
15.......	2.50	32-38	35	1,120-1,330	10-20	520-1,040	1,640-2,370	1,804-2,607
14.......	2.50	36-42	35	1,260-1,470	10-20	520-1,040	1,780-2,510	1,958-2,761
Group IV:								
13.......	2.75	40-46	40	1,600-1,840	10-20	520-1,040	2,120-2,880	2,332-3,168
12.......	2.75	44-50	40	1,760-2,000	10-20	520-1,040	2,280-3,040	2,508-3,344
Group V:								
11.......	3.00	48-52	45	2,160-2,340	10-20	520-1,040	2,680-3,380	2,948-3,713
10.......	3.00	52	50	2,600	10-20	520-1,040	3,120-3,640	3,432-4,004
							[6] 3,500-4,500	[6] 3,850-4,950

[1] With the exception of col. 2, all dollars (and time periods) indicated in the table represent the Government's contribuion to extraordinary costs (and time) to train the hardcore employee.

[2] The sum of the last 3 digits of the DOT code (e.g., 724.781 gives a JOB code of 16).

[3] The pay rate for the job for which the trainee is being prepared. A quick reference for this rate is the proposal summary sheet.

[4] SS/C includes orientation, basic education, and other support services. (See MA-3 R.F.P., sec. III, A, B, and D.) Rates per week can be reimbursed for periods up to 52 weeks even though the OJT period is less than 52 weeks.

[5] Amounts in this column may be increased up to 10 percent at the discretion of the evaluator/negotiator. The amounts shown in Col. 8 include the maximum increases.

[6] The jump rate range for job codes 11 and 10.

The following excerpts from the guidelines developed for the Department of Labor in connection with the MA-3 program is intended to clarify the status of the preceding cost guidelines.

"(2) *Pricing Only Additional Costs.* The R.F.P. for MA-3 does not require the contractor to submit cost data in any detail beyond the fixed unit cost for each job classification. In effect, the fixed unit cost is a firm fixed price proposal or a bottom line price without a cost breakdown. More importantly, the bottom line price must represent all or a part of *only the extraordinary costs* estimated for hiring and training a hard-core employee. Extraordinary costs are defined as the additional costs over and above those customarily incurred by the employer when he hires and trains a regular (or non-hard-core) employee. Table 4, Fixed Unit Cost Guidelines, shows the Government's maximum contributions to these extraordinary costs for each of 22 Job Codes. The maximum adjusted fixed unit cost range for each Job Code is indicated in column 9 of the chart. Each cost range in column 9 represents a Government 'take-it-or-leave-it' contribution rather than an average figure or 'first offer.' Thus for example, if the job proposed falls in the 23–22 Job Code, and the contractor proposes a unit price of $1,300 with a permanent rate of $1.60, the evaluator/negotiator should counteroffer, perhaps, $1,150. Under no circumstances should he settle over $1,254. Settlements over the column 9 maximum will only be made with prior approval of the MA-3 Director: he will grant such exceptions only in cases where other circumstances are very compelling."

Pertinent instructions in the JOBS Handbook for the MA-6 program state:

"5. *Contract Award.*—The FMA's are responsible for managing JOBS proposals at the regional level and for awarding and servicing contracts. Regional contract management must be in accordance with the Manpower Administration guidelines set forth herein.

RMA's have authority to award all JOBS contracts within the target allowances issued by the national office, except for any proposed contract providing for training in construction trades at a construction site. Prior approval for award of these contracts must be secured from the Manpower Administration on a

case-by-case basis, and the RMA should forward the proposed contract to the Manpower Administrator for such approval."

Mr. Eschwege. Well, I think the problem arises because the time that was considered unproductive under this contract seemed to be somewhat unreasonable.

The on-the-job training portion provided for 100 percent unproductive time for the first 5 weeks in class, and the 7 weeks at the store. In addition, this provides for 50 percent unproductive time in the second quarter of the contract, and 30 percent of unproductive time in the third quarter, and 20 percent in the fourth quarter.

This was a mere estimate by the contractor and there was another contractor who was also funded under the JOBS contract. He was covered by the same union in which the same type individual was to be trained, but for the first 8 weeks the trainee was considered 100 percent unproductive, and 66 percent unproductive for the next 4 weeks, and 33 percent for the last 4 weeks, or 4 months in total; whereas the other contract provided for subsidizing on-the-job training for at least part of the salary for the entire year.

Actual experience in this case showed that the entire 5-week classroom training was not necessary, so they reduced the amount of classroom training. We talked to eight store managers and eight trainees, and everyone was agreed that the employees were about as productive as regular apprentices.

Mr. Steiger. Would you think, based on your analysis of these five cities, that this is a pattern?

Mr. Eschwege. We can really only talk about these cities.

Mr. Steiger. I know. Is this a pattern within those five cities, or was this an isolated incident?

Mr. Eschwege. There are other cases. I wouldn't consider them representative, however, of all companies reviewed in the five cities.

Mr. Steiger. Do you know at this point what work the Department of Labor itself is doing in terms of attempting to do a better job in monitoring and correcting instances in which training was supposed to be given and wasn't given in cases where funds had been expended that ought not to have been expended?

Mr. Eschwege. Yes. The Department of Labor, as we point out in our statement, has endeavored to improve the program as it went along. And they have, for instance, shortened the payout period to the contractor.

They are trying to provide more monitoring. As I said earlier, I think these new pricing procedures are an improvement over the previous ones.

Mr. Steiger. Specifically, for example, on page 14 you talk about the weaknesses in contract-reimbursement procedures. This was true, was it not, in the MA-3 and MA-4 days. Particularly, if you found it to be as true in the MA-5 and MA-6?

Mr. Eschwege. Our review basically was of MA-3 and MA-4. MA-5 is later, and MA-6 is very new.

Mr. Steiger. Yes. The Department is trying to check more closely, aren't they?

Mr. Eschwege. This is what they are saying. We haven't checked it out.

Mr. STEIGER. On page 14, you also talk about the monitoring of employees in California which is carried out by contractors. You are not in that instance talking about a private contractor, but the State of California division of apprenticeship standards.

So it is a State agency serving as that contractor.

When do you expect your final report will be completed?

Mr. ESCHWEGE. We hope it will be released to the Congress some time in the fall.

Mr. STEIGER. Some time this fall, the fall of 1970?

Mr. ESCHEGE. Right, sir.

Mr. STEIGER. One other thing I would like to do, Mr. Chairman, is to insert in the record characteristics of persons hired in the JOBS program through February 28, 1970, which I think would be of some interest to the committee.

Mr. O'HARA. Without objection, so ordered.

(The document referred to follows:)

JOBS TABLE I.—CHARACTERISTICS OF PERSONS HIRED THROUGH JOBS PROGRAM, U.S. SUMMARY CUMULATIVE THROUGH FEB. 28, 1970 [1]

Characteristic	Total	Non-contract	Contract					
			Total	MA-2	MA-3	MA-4	MA-5	MA-6
Total number of persons hired [2]	169,161.0	113,049.0	56,112.0	1,239.0	32,195.0	17,449.0	5,083.0	146.0
Percent	100.0	67.0	33.0	2.0	57.0	31.0	9.0	0
Sex	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Male	73.0	74.0	70.0	71.0	73.0	69.0	60.0	41.0
Female	27.0	26.0	30.0	29.0	27.0	31.0	40.0	59.0
Handicapped	2.0	2.0	2.0	1.0	1.0	2.0	1.0	5.0
Public assistance [3]	16.0	15.0	17.0	10.0	14.0	20.0	13.0	13.0
Age	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 19	20.0	21.0	17.0	14.0	18.0	17.0	14.0	12.0
19 to 21	30.0	29.0	30.0	32.0	31.0	30.0	28.0	27.0
22 to 44	46.0	45.0	48.0	50.0	47.0	49.0	52.0	54.0
45 to 64	4.0	4.0	4.0	4.0	4.0	5.0	6.0	7.0
Over 64	0	0	0	0	0	0	0	0
Average (years)	24.8	24.7	25.1	25.4	24.8	25.3	26.2	26.5
Family size	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 2	24.0	24.0	25.0	28.0	28.0	21.0	18.0	18.0
2 to 4	46.0	47.0	45.0	47.0	43.0	46.0	46.0	49.0
5 to 7	21.0	21.0	22.0	19.0	20.0	24.0	25.0	26.0
8 to 10	6.0	6.0	7.0	5.0	6.0	7.0	9.0	6.0
Over 10	2.0	2.0	2.0	1.0	2.0	2.0	2.0	1.0
Average	3.6	3.6	3.7	3.3	3.5	3.8	4.1	3.9
Family income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$0-$1,000	23.0	24.0	22.0	18.0	22.0	23.0	22.0	17.0
$1,001-$2,000	26.0	24.0	28.0	20.0	29.0	28.0	28.0	28.0
$2,001-$3,000	21.0	20.0	22.0	24.0	21.0	23.0	23.0	29.0
$3,001-$4,000	15.0	16.0	15.0	17.0	15.0	14.0	15.0	18.0
Over $4,000	15.0	16.0	13.0	21.0	13.0	12.0	13.0	8.0
Average	$2,432.0	$2,496.0	$2,367.0	$2,842.0	$2,384.0	$2,325.0	$2,347.0	$2,228.0
Years of education	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 8	6.0	5.0	8.0	7.0	7.0	8.0	10.0	8.0
8	7.0	7.0	7.0	4.0	7.0	7.0	8.0	9.0
9 to 11	48.0	46.0	52.0	48.0	53.0	51.0	46.0	38.0
12	39.0	42.0	33.0	40.0	33.0	33.0	36.0	44.0
Over 12	1.0	1.0	0	0	0	1.0	0	1.0
Average	10.5	10.6	10.3	10.6	10.3	10.3	10.2	10.3

See footnotes at end of table.

JOBS TABLE I. CHARACTERISTICS OF PERSONS HIRED THROUGH JOBS PROGRAM, U.S. SUMMARY CUMULATIVE THROUGH FEB. 28, 1970[1]—Continued

Characteristic	Total	Non-contract	Contract					
			Total	MA-2	MA-3	MA-4	MA-5	MA-6
Weeks unemployed last year	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 5	25.0	29.0	20.0	16.0	22.0	18.0	20.0	15.0
5 to 14	21.0	21.0	20.0	25.0	20.0	21.0	19.0	23.0
15 to 26	19.0	17.0	22.0	20.0	21.0	22.0	25.0	26.0
27 to 52	35.0	33.0	37.0	39.0	37.0	39.0	36.0	37.0
Over 52	0	0	0	0	0	0	0	0
Average	21.5	20.4	23.0	23.7	22.6	23.6	22.8	24.4
Race	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
White	21.0	23.0	16.0	7.0	13.0	20.0	23.0	36.0
Negro	73.0	70.0	77.0	73.0	80.0	75.0	71.0	52.0
American Indian	1.0	1.0	1.0	0	1.0	1.0	1.0	0
Oriental	1.0	0	1.0	0	1.0	0	2.0	1.0
Other	5.0	5.0	5.0	20.0	6.0	4.0	4.0	12.0
Spanish surname	9.0	9.0	12.0	22.0	10.0	14.0	8.0	16.0
Mexican-American	6.0	6.0	7.0	19.0	7.0	8.0	4.0	12.0
Puerto Rico	2.0	2.0	3.0	1.0	2.0	4.0	2.0	3.0
Other	1.0	1.0	2.0	2.0	1.0	2.0	2.0	1.0
Certification source	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SES	40.0	19.0	73.0	38.0	77.0	66.0	80.0	86.0
CAA/CEP	13.0	7.0	22.0	58.0	18.0	30.0	14.0	7.0
Employer	43.0	69.0	2.0	3.0	2.0	2.0	1.0	7.0
Other	5.0	6.0	3.0	1.0	3.0	3.0	5.0	0

[1] Percents may not add to 100 due to rounding.
[2] Reflects number of hiring cards received and recorded.
[3] This data element was added to hiring cards in January 1969. Total responses for this item—37,149.

Mr. O'HARA. Mr. Eschwege, on page 3 of your statement at the top, you indicate the total of $624,128,000 was made available for the JOBS program as of February 28 this year, and you point out how much is obligated and how much is paid to contractors. You give the figures there.

Mr. ESCHWEGE. That is right.

Mr. O'HARA. On page 4 of your statement you say:

> We note that the JOBS program is not essentially a job-creation program, in that it does not necessarily result in any expansion of the existing job market. In certain instances, it has appeared to us that businessmen were simply reallocating existing job openings to persons other than those who would have been hired normally. To the extent that this has been the case, the program may simply be shifting the burden of unemployment from the disadvantaged to other persons not so categorized.

In other words, then, for the $624,128,000, we can't be sure we have put one person to work? We are not sure that we have added one person to the net-employed figure in the United States. Is that right?

Mr. ESCHWEGE. Well, I wouldn't go so far as to say that.

Mr. O'HARA. We can be sure?

Mr. ESCHWEGE. Sir?

Mr. O'HARA. We can be sure?

Mr. ESCHWEGE. No. We are saying that in a number of instances the employers themselves have told us that they are still hiring the same kind of people.

Of course, the $614 million has not been spent.

Mr. O'HARA. The $614 million?

Mr. Eschwege. Yes, the $614 million has not been spent. They are slow in spending the funds, so really at this time, as we point out in the statement, only $348 million has been obligated, and $96 million has been actually spent.

Mr. O'Hara. That is right. But for the $624 million made available, and the $348 million obligated, or the $96.9 million actually spent, we can't be sure we have added to net employment.

In many cases, as you suggest on page 4 of your statement, we have shifted the unemployment around a little. That is, to the extent that the program has been successful, we have hired disadvantaged individuals instead of others. To the extent that the program has been unsuccessful, we have hired the same people we would have otherwise hired. Is that right?

Mr. Eschwege. Yes——

Mr. Steiger. Do you really want to answer "Yes" to that?

Mr. Eschwege. I was going to say, "Yes, in many cases."

Mr. Steiger. This is an interesting point, if the chairman will yield a moment.

Mr. O'Hara. If the gentleman from Wisconsin will permit me, I would like to make a few points, and then I will be glad to yield.

Mr. Steiger. Go right ahead.

Mr. O'Hara. In essence, it is a training program. It isn't an employment or a job-creation program. As you point out, it is a training program.

Mr. Eschwege. Yes.

Mr. O'Hara. Let's look into the training.

On pages 9 and 10 of your statement, you suggest, down at the bottom of page 9, that:

> The legislative history of the JOBS program indicates that it was not intended that the JOBS program would provide jobs which historically pay low wages, involve high-turnover occupations, and which traditionally use unskilled or low-skilled persons as a source of labor.
>
> We have found that under both the contract and noncontract components of the JOBS program, many of the commitments by businesses to hire persons involve low-wage jobs which offer little chance of advancement. Termination rates for businesses offering such jobs have been high.
>
> Certain officials of the Concentrated Employment Program and the state employment services have complained to us that many of the job orders they receive are for "dead-end" jobs.

This goes into what you found specifically in the San Francisco Bay area. Aren't these the jobs for which, traditionally, little or no training has been required as a requisite for employment?

Mr. Eschwege. Yes. I would say very little on-the-job training is required. But there might be some supportive services required, such as medical attention, attitudinal training, and so forth.

Mr. O'Hara. But in terms of skill training, very many of these jobs are low-skill, or no-skill jobs for which traditionally there has been very little training provided. Is that right?

Mr. Eschwege. That is correct.

Mr. O'Hara. Now, with respect to the supportive services, you find that there are a number of cases, in any event—and I refer now to page 13 of your statement—in which employers did not provide the contractually required supportive services, even though they were paid for those services. Is that right?

Mr. Eschwege. That is right.

Mr. O'Hara. I cite one instance on page 14 of a landscaping firm in the Bay area, where after 8 months of performance, 44 trainees who are hired, 41 had been terminated, contracts had been provided for $15, and no services other than normal first-day orientation had been provided.

Now, let's look at what is happening to these people.

On page 7 of your statement, you show that persons remained on the job for an average of about 2 months, that about 52 percent of the terminees had quit, and about 36 percent had been discharged.

Now, when Mr. Wilson of the NAB program was here the other day, we went into some of the current figures with him, and he gave us some of the Department's figures.

They show there were 105,000 authorized job contract slots, of which 34,000, or 36,000—36,000 are presently working. Fifty-four thousand were terminated, for a total of 90,000.

In other words, we had there a 40-percent retention rate. Forty percent of those who had gone in were still there, and 60 percent had terminated.

Mr. Cunningham who was with Mr. Wilson, pointed out that a termination does not and should not be construed as failure. He suggested that some of them went into other jobs. They went into the employer's work force, and it was not a termination of employment, but a termination of training.

Well, now, I am informed that you went into that. You examined a rather significant number of hire cards and took a sample. Could you suggest to me what percentage of the terminations were terminations for good reason?

Mr. Eschwege. Mr. Chairman, we have the same problem as the Department of Labor and NAB on this, that the statistics just were not kept in a way which would permit anyone, at least up until recently, to tell the make-up of this termination figure. You have in this figure persons who completed their training, but who left the employer, possibly to seek another job, to go into the Armed Forces, and so on. Then you have in this figure persons who dropped out before completing their training.

So we have no breakdown. We have noticed that lately NAB is trying to show those terminees who were on board at least 6 months.

Mr. O'Hara. You have no notion, then, of what percentage?

Mr. Sanger. Under the contract component, which you are referring to, there were roughly 50,000 terminations, and based upon these—these are the Department's figures—they got termination cards which gave data on about 13,600 of these people. And for that 13,600, 11.68 percent left for other employment, 1 percent went into the Armed Forces, and about 1 percent went back to school.

Mr. Eschwege. I think it needs to be stressed, though, that we only have this for 13,000, and not for all 50,000.

Mr. O'Hara. Is there any reason to believe that 13,000 is not a random sample? In other words, is there any reason to believe that the 13,000 on whom you have the cards possess any different characteristics than the 37,000 or so on whom you don't have cards?

Mr. Eschwege. I am not an expert in random sampling. But just the fact that these employers chose to report and others didn't, biases this particular sample.

Mr. O'Hara. If there is any bias, it would seem to me that the ones reporting on the cards were apt to be the ones that were—the employers—that were paying closer attention and taking their responsibilities under the program more seriously than the nonreporters. So, if anything, their record would be better, instead of worse, than the nonreporters.

At any rate, of the 13,000 whom you examined, you found 11.6 percent had left for other jobs, right?

Mr. Sanger. That is correct.

Mr. O'Hara. One percent had left to go into the armed services, and 1 percent had left to go back to school, or on to other training. Is that right?

Mr. Sanger. That is what is reported by the Department, yes sir.

Mr. O'Hara. That is what the Department reports. So that is 13.6 percent of the 13,000 sampled.

I am not saying that you can, or you can't, although one would suspect that you could do quite a bit of extrapolation on that one.

So of this 60 percent that dropped out, I will draw the conclusion—and I don't want you to draw any conclusion—that less than 15 percent dropped out for good reason. So that leaves us over 50 percent of the total taken in, or 51 percent to be exact, who dropped out, but did not do so with good reason.

As one who has not always applauded everything the Congress does—I can think of a couple of instances now—I was a little leery of the provisions under which this program was adopted when we put them in. But I feel that I may have been right about that. But I was wrong when I opposed having the GAO do the audits you gentlemen have been doing. So, you see, I am not blaming them all on others.

I have here a copy of title I of the Economic Opportunity Act, which provides the authority for the JOBS program, programs to provide incentives. And these are the kind of things that can be done under section 1(B)(8):

> Reimbursements to employers for a limited period when an employee might not be fully productive, payment for on-the-job counseling and other supportive services, payment for all or part of the employer's costs of sending recruiters into urban or rural areas of high concentration, and payments to provide employees' transportation to and from work, or to reimburse such employees for such transportation.

That is the language.

If one examines the intent of that language, it was to pay for the transportation, counseling, and such services, and then to reimburse for a limited period when the employee might not be fully productive. In other words, if he is 50-percent productive, we pay in effect 50 percent of the wage.

So one would understand that we didn't ever intend an employer or contractor under this to make money under it. Yet, your statement suggests that maybe some have. Is it possible to make money under these contracts?

Mr. Eschwege. Yes; it is, if you don't have adequate monitoring going on to make sure that the services are provided.

Mr. O'Hara. In fact, one of your conclusions is on page 8—that the Department is not monitoring the program to the extent adequate to assure compliance.

Mr. Eschwege. This has been a problem in other manpower programs, Mr. Chairman, and we have pointed it out to the Department. They do have a staffing problem in this area—to monitor all these programs.

Mr. O'Hara. The specific examples you use on pages 12, 13, and 14, I might say, are really disturbing. The grocery chain, I think those are certainly unrealistic assumptions. The landscaping firm is another. And I find that many of these contracts are very low-skill occupations.

I wish to thank you gentlemen for the valuable contribution you have made. I think I will leave it for the Senate committee to go into the findings that you made about a contractor in New York City. I am aware of those. You are going before them next week, are you not?

Mr. Eschwege. Next Tuesday.

Mr. O'Hara. Mr. Steiger?

Mr. Steiger. I wonder if you would help me. On page 9 of your statement, where you indicate—you refer to the legislative history of the JOBS program.

You are talking specifically of the OEO legislative history? It seems to me that the Congress never really authorized the JOBS program. That was done by executive fiat under President Johnson, a full-blown creation of this entity.

Mr. O'Hara. Would the gentleman yield? You were out of the room when I just went into that. It is here in section (123)(a)(8). That is where we authorized it. They took a little bitty authorization and built it into a big program. And then the new administration has been building it into a bigger program, or at least one that is ostensibly bigger. But it is right there.

Mr. Steiger. Yes; that is what I wondered. Is this the specific legislative history?

Mr. Eschwege. The history is also in the October 1967 report of the House Committee on Education and Labor, which talks of not providing this assistance to employers which have high labor turnover, and in which the prior possession of a high-school diploma or training is not typically a prerequisite for employment.

Mr. Steiger. That is what I want to find out.

Mr. O'Hara. That is it—the language we worked on back in 1967.

Mr. Steiger. Could I ask one further question in terms of the five cities? At some point, you must have a list of those five cities—Oakland, Portland, Seattle, Detroit, and San Francisco.

Mr. Eschwege. Right.

Mr. Steiger. For the record, the essence of your analysis is from the beginning of the JOBS program in 1968 through approximately September 6, 1969. Is that right?

Mr. Eschwege. We are still looking at it, so we will probably update it somewhat for this year.

Mr. Steiger. But at this point, in terms of your preliminary findings, is that about the time frame?

Mr. Eschwege. I would say the time frame would be through December 1969.

Mr. Steiger. Through December. OK.

Mr. O'Hara. Mr. Eschwege. I would like to ask you just one last question. I wish you would look into this.

Your people down at GAO—you make the point on page 4 that the JOBS program works best in a period of so-called "full employment" and may have some difficulty in achieving effectiveness in periods of relatively high unemployment.

That certainly is an unassailable position. In our most recent amendments to the Economic Opportunity Act, we earmarked funds that we authorized to be appropriated, and that was a congressional action that expressed some skepticism of the proposed allocation that the administration had provided us with. And particularly we earmarked and put some more money into mainstream and new careers, which do have at least some job-creation aspects, and in JOBS.

We have been informed—and we don't know the correctness of this information—but we have been informed that the Department of Labor is ignoring these earmarks for the current fiscal year and that they have no intention of abiding by them during the next fiscal year. And it seems to us that this is not only contrary to the direction of the Congress but that in light of your comment on page 4, that a program that works best in a period of so-called full employment, that it might not be wise economically.

I wonder if you could check into whether or not the earmarking that Congress has directed is actually being followed.

Mr. Eschwege. We will try to do this.

Mr. O'Hara. Thank you very much.

(The document referred to follows:)

EARMARKING OF FUNDS FOR MAINSTREAM AND NEW CAREERS PROGRAMS

The Economic Opportunity Amendments of 1969, in authorizing appropriations for fiscal years 1970 and 1971, earmarked for each fiscal year $20,000,000 for the New Careers and Mainstream programs to be carried out under title I, part E of the Economic Opportunity Act of 1964, as amended. The Department of Labor informally advised the General Accounting Office that as of May 13, 1970, it had earmarked $7 million toward the New Careers program under title I, part E of the act. The Department advised further that it is committed to funding the amount earmarked in the 1969 amendments to the full extent that funds have been appropriated for the two programs and that it was currently working with the Office of Economic Opportunity and the Bureau of the Budget to arrange for such funding. The Department stated that it had not yet been delegated authority by the Office of Economic Opportunity to administer the two programs authorized under title I, part E of the act, but that it was resolving this matter with the Office of Economic Opportunity.

Mr. Steiger. Would the gentleman yield for just one other short question that I might make?

Is there a particular reason you make that analysis on page 4 about rising unemployment? I am interested in that, because, you know, if the period from February to April, at a time when unemployment was rising, is indicative, then we are talking about this $5 million a week in contracts that are being let, 652 contracts that have been let during that period—the 18,033 job slots that have been opened in large part, because there has been an expansion of the program into other areas.

You make a flat statement, which I am not sure, frankly, is supportable, about the concept of the ability of the private sector to hire even in this time.

Mr. Eschwege. Well, we, of course, know of some examples where JOBS employees were let go, or where contractors said they just can't go through with the contract. The Department of Labor recognizes this also.

I think they have come to the conclusion that the concentration of these jobs in certain big manufacturing plants tends to create this kind of a situation in a period of high unemployment. And they are trying to place more of these JOBS trainees in the service industries.

But I think it is conjecture on my part to say whether or not this is going to alleviate the situation. It is really——

Mr. Steiger. But it is also conjecture on your part, may I say, for you to then make the statement that you have.

Mr. Eschwege. Well, as I say, we do have some examples where this, in fact, has happened.

Mr. Steiger. We are well aware of those examples. If one takes just the examples, I can understand, but I am not sure that if you expanded smaller industries, and others not as subject to the layoffs, that you could make the balance you have come out with.

Mr. O'Hara. It seems to me the statement is perfectly valid. He says the JOBS program can work best in a period of so-called "full employment," and may have some difficulty in achieving effectiveness in a period of relatively high unemployment. I think that is clearly so.

When people aren't hiring, they aren't hiring JOBS trainees, or anyone else. And in periods of rising unemployment, it would appear to become increasingly difficult for employers to sign up the disadvantaged. I think that is sort of ipso facto.

Thank you, gentlemen, very much for your contribution. We are looking forward to hearing from you on the matters which were raised, and we will be in touch with you later on, I hope.

Thank you very much.

Mr. Eschwege. Thank you very much.

Mr. O'Hara. We will now adjourn.

(Whereupon, at 11:35 a.m. the subcommittee recessed, to reconvene at the call of the Chair.)

MANPOWER ACT OF 1969

WEDNESDAY, MAY 6, 1970

House of Representatives,
Select Subcommittee on Labor,
of the Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 9:45 a.m. in room 2261, Rayburn House Office Building, Hon. Joseph Gaydos, (chairman of the subcommittee).

Present: Representatives Daniels, Gaydos, and James G. O'Hara (Michigan).

Staff members present: Daniel H. Krivit, majority counsel; Marty LaVor, minority legislative coordinator; and Sue Nelson, research assistant.

Mr. Gaydos. Governor, I would like to extend the apologies of the chairman of this subcommittee, Mr. Daniels, who we hope will be over later on. He has some pressing business. We want to proceed because we do have some other items on our agenda this morning.

You may proceed in any fashion you wish; you may merely sum up or you may go directly through your prepared statement.

Thank you for appearing on behalf of the chairman of this subcommittee. I know that your testimony and your information is going to be most useful to us. You may proceed in any fashion you desire.

STATEMENT OF HON. CALVIN L. RAMPTON, GOVERNOR OF UTAH; ACCOMPANIED BY R. THAYNE ROBSON, CHAIRMAN, UTAH MANPOWER PLANNING COUNCIL; AND KENNETH C. OLSON, EXECUTIVE DIRECTOR, MANPOWER PLANNING COUNCIL

Governor Rampton. I will follow the text to some extent, but probably summarize some sections.

I do appreciate the opportunity to appear before the committee, because we have been very interested in the question of manpower development and manpower planning.

The State of Utah is actively engaged in planning for and developing its human resources. At my request the Utah Legislature, in the spring of 1969, passed Senate bill 255 which created the Utah Manpower Planning Council, a copy of which is appended to the statement. The Council membership is comprised of State administrators of manpower, social service, and education agencies, and appointees representing employee groups, minorities, business interests, and State legislators.

The Council is charged to provide more effective and economical utilization of State and Federal funds for manpower training, work experience, placement, and other related services. It is designated as the primary manpower planning organization for the State of Utah, and is responsible for the formulation of goals, objectives, and policies, for the evaluation of objectives, activities, budgets, delivery systems, and staffing patterns, for the development of a comprehensive State manpower plan, for the approval of any and all modifications in manpower programs, for the review and approval of all applications for Federal assistance in manpower programs, and for directing the modification and/or termination of duplicating manpower activities.

At the time the legislature met, I submitted two alternative bills, one of which would have created a Manpower Department as a permanent part of the State government, and the other which created this planning council. The legislature elected to go the route of the planning council. But it is my hope that if in fact a manpower department or division fits whatever bill comes out of this Congress that we would go the route of the actual reorganization next time.

With reference to the issue of decategorization, an initial concern of our Manpower Planning Council is how to provide a more comprehensive range of manpower services to target populations. Many agencies in my State were pressing toward the development of a single center where the disadvantaged could receive specialized manpower services from all of the major programs. But the Council sensed that simply placing manpower programs under the same roof was not sufficient to insure comprehensive service. The efficiency of such a multiagency program would still be encumbered by fragmented administration, diverse standards for eligibility, referral, course curriculum, et cetera. Further, close proximity, even when accompanied by intense coordinating efforts among the agencies, would not insure communication nor would it guarantee that all clients of such a center would be treated equitably and according to a common standard.

In response to these concerns, a human resource center has been opened in Salt Lake City under the jurisdiction of the manpower planning council. This institution is authorized to contract with line manpower agencies to provide a complete range of manpower services to the disadvantaged. It is also capable of doing its own recruiting and of certifying and enrolling manpower clients according to common criteria established by the center and in agreement with the intake and selection requirements of participating agencies. Within the center, individualized plans of service are developed for the enrollees who may simultaneously become clients of one or more manpower agencies depending upon their individual characteristics and the service required. A major objective of the human resource center is to disassociate participants from identification with individual agencies and services, and open to them a complete range of services, unrestricted by categorical program narrowness.

What the human resource center is attempting to do is no easy task. It is a pilot effort to decategorize program services while remaining within the boundaries of Federal law, and administrative lines.

I might say that we have received excellent cooperation from the administrative agencies of the Federal Government. They haven't shown any inclination generally to hold our feet to the fire; in fact, what we're doing was reasonably within the guidelines.

If States are to implement their own effective manpower planning programs, many restrictive barriers must be removed. Legislation such as you are presently considering is the logical first step to provide administrative flexibility. If we are to break out of the cycle of frustration which has accompanied programs, we must do it with the realization that we are planning for individuals and not agencies or institutions.

The State of Utah has long been recognized as a leader in public education. Utah is among the highest States in educational attainment per capita. I think we have the highest average completion of school grades in the country, 12.2. And we have, I think, as I recall 11.5 percent of our people that are graduates of universities with baccalaureate or other degrees. And that also is the highest in the Nation.

But still, according to our most recent estimates, over 37,000 individuals, or 3½ percent of our population, qualify according to Federal disadvantaged criteria. Another 58,000 individuals, or 5½ percent, are categorized as near poor. In addition, an estimated 223,000 of our citizens, or 20 percent of our total population, need some form of manpower service.

To meet the requirements of specific subpopulations within Utah, it is imperative that maximum flexibility be available in determining what services will be provided to which individuals. Federal specifications for the determination of those qualified for manpower services must be unrestrictive and capable of adjustment to the characteristics of localized need.

I believe that planning for a State's economic development and planning for the development of its human resources are inseparable processes. Utah is quite sensitive to the need for expansion of its economic and industrial base. Our basic concern is to develop sufficient employment to absorb growth in the State's labor force which is due both to population increase and an increased commitment to develop the employability of those previously bypassed by the market. I am particularly concerned about Indians, migrants, and other individuals who reside in rural areas where employment opportunities are relatively more scarce.

In Utah, as elsewhere when the economy slackens the first ones to get whacked off the rolls are those that are poorly trained and those that need the jobs badly.

Of the bills before you for consideration, H.R. 11620 alone addresses the critical need for a public employment program to provide meaningful job opportunities to every American willing and able to work. I strongly endorse and recommend to you the concept of public service employment as expounded in Congressman O'Hara's bill.

As Prof. Garth L. Mangum of the University of Utah and adviser to the Utah Manpower Planning Council has already suggested before this committee, work experience programs have been little more than disguised income transfers. When people are poor, when they cannot work, or there is no work for them, I have no objection to income maintenance programs. But we can do better for those able to work. We can give them income, dignity, real work experience, and access to permanent jobs as well. I can assure your committee that given the authorization and the funding we can develop useful jobs in the State of Utah—jobs which will improve the equality of life for all of our citizens as well as providing income with dignity to the poor. We can also see to it that those jobs open the door to permanent employment in State and local government as well as routes into the private sector.

The public service careers program presently being implemented by the Department of Labor provides a unique vehicle for the entry and upgrading of less advantaged individuals into the ranks of public employment.

I might say that we are moving ahead with that in the State of Utah. We have just recently circulated a letter to all State departments and asked them to analyze their personnel requirements and let us know what jobs they have which could be made available for a disadvantaged person with the proper amount of training and with the proper incentive. Although our merit system's laws restrict us a little at the present time, it is my intention to ask the next session of the legislature to give us a relaxation of the merit rules so that we can move into this program with less restriction than at the present time.

As I have suggested, our human resource program brings together a multiplicity of manpower services under a common administrative structure. The State of Utah is committed to providing comprehensive manpower services to needy individuals. To accomplish this task requires extensive cooperation between manpower-serving agencies, and a melding of their respective roles. Comprehensive manpower legislation can provide a vehicle by which the functions of some of these agencies can be merged. The ultimate goal should be decategorization and merger of not only the Wagner-Peyser Act, MDTA, and title I–B of the economic opportunity program, but the work incentive program, vocational rehabilitation, the manpower component of vocational education, and the manpower components of the far-reaching family assistance program and vocational education for the out-of-school disadvantaged and handicapped as well.

The Utah Manpower Planning Council is vested with the responsibility to modify or terminate all manpower program activities found to be duplicative and to approve agency organization, physical facilities, services offered, and interagency agreements. The council feels itself bound to no particular agency. It prefers to allocate resources to agencies solely in accordance with their ability to provide services to the target clientele. Established public agencies and institutions are utilized to the maximum in providing manpower services, insofar as they have proven by their performance, their own willingness, and ability to serve the poor. To the extent that State agencies receive funding preference by virtue of specific Federal annointing, apart from their ability to effectively deliver manpower services, the real thrust of this policy is reduced.

Thus, I am troubled by the administration bill's implied designation of the Employment Service as the key agency in the umbrella organization for the delivery of manpower services in each State. Now we have a good employment service in Utah, but that is just not the way we are structured. I am sure there are States which are structured to make the Employment Service the key manpower agency and States in which that would be the logical thing to do, States in which the

Governor, through planning would come to this conclusion if he were given the opportunity. But the bill doesn't fit our structure as well as the new setup that we have.

In all cases, potential competition is an effective prod to better performance. Only when the elected officials responsible to the people and the planning organization most appropriate to State and local conditions have the discretion to identify competence, reward performance, and punish apathy through the allocation of resources will State government really have the ability to deliver manpower services.

I would also suggest to this body that legislating decategorization will not insure its implementation. The 1967 amendments to title 1-B of the Economic Opportunity Act authorized decategorization of those programs. Yet today, nearly 3 years later, title 1-B programs remain structured essentially the same as prior to the 1967 amendments. Without the cooperation and commitment of Federal agencies, decategorization will remain nothing more than a nice phrase. I also recognize that without the unreserved endorsement of the Department of Labor and other Federal agencies, the concepts we discuss here today and which we are trying to implement in Utah will never get an adequate trial.

We find ourselves frequently confused between the top level advocacy of decategorization and decentralizing manpower programs, and the day-to-day decisions of the Federal bureaucracy. The Utah Manpower Planning Council has, on occasion, found the regional office of the Department of Labor less than fully supportive of the concept of comprehensive State manpower planning. I interpret these actions as being illustrative of the gap in commitment to the objective of coordination between the Secretary of a cabinet agency and a regional administrator who is tied to the concept of both supervising and acting as advocate for the Employment Service in its role as a State agency.

Recently we have learned that the very flexible DOL cash grant on which our council was originally staffed will not be renewed. It will be replaced by a standard CAMPS grant package which, in essence, requires our unique approach to fit another mold. Above all, we are cautioned not to engage in activities which have been assigned to the State employment service and they are directed not to provide services to the council which may be covered by the CAMPS grant.

Another problem of concern arises in the administrative linkage between State governments and the Federal Government. Our experience in Utah has been that Federal agencies do not always respect State government sufficiently to provide liaison people at administrative levels capable of addressing the multiple concerns of Federal-State relationships. That is true not only in the Department of Labor, it is true in most departments. And sometimes the Governor becomes a little bit irritated and goes out of channels and comes back directly to the Secretary, and raises cain back here, but he does that at the peril of offending somebody that he has got to deal with. So you stay in channels as much as you can and it is really when you get desperate that you go out of channels to take care of things that I think should be taken care of at the local level or at the regional level.

Of the three pieces of legislation under consideration, the Steiger bill alone provides a Federal-State relationship wherein the Governornor can enter into direct contracts with the Federal establishment to provide manpower services according to a State developed plan. I heartily endorse the administrative concept in Congressman Steiger's bill.

I also support the rationale of the administration bill which recognizes the separate needs of metropolitan areas. Nevertheless, I consider the particular form of recognition prescribed in that bill to be untenable in Utah and similar States—probably a majority of all States. This problem of the relation of the cities to the States and an overall planning concept didn't come up first in manpower. We have been concerned with it, as you are probably aware, in the law enforcement activities where the mayors of some of the larger cities, but I think principally the staff of the National Municipal Organizations have maintained that the State didn't give them sufficient consideration. But if you get them right down to the point and ask them where the States fail they can't identify it. I think the problem we have had in the law enforcement field with statewide planning has resulted more from jealousy between the staff of the Governor's conference and the National Municipal Organization than it has really been a breakdown within the States themselves.

The same thing is true in comprehensive health planning for the States, where I think the States have done a good job, although there are times when the cities feel that they are not properly recognized. But at least in the States which are not dominated by a single large city, we found no problem in properly considering the peculiar problems in urban areas.

Over 75 percent of the residents of the State of Utah live in a contiguous, three SMSA-four county area along a mountain range known as the "Wasatch Front."

This Wasatch Front area is actually one interrelated labor market. Boundaries between cities, school districts, and counties have no major economic significance; large numbers of individuals commute among these SMSA's.

As the administration bill is written, each of these three SMSA's would be designated for individual planning status, in total providing services to over 75 percent of our total population. Cities within these SMSA's have shown but slight interest in manpower activities. In fact, I brought with me a photostat of an article from the front page of the Salt Lake City Tribune last Saturday, after I had prepared this testimony, in which the mayor of Salt Lake City was raising trouble with all the Federal planners, saying they all ought to be fired; that this manpower stuff is a lot of nonsense and that if they would go home and let us run it and the Federal Government quit trying to interfere we would be better off.

With an attitude like that in the principal city of Utah, you are not going to get very far on manpower planning and implementation of the plan if that is where the responsibility is placed.

There is a place for manpower planning at the city level where sufficient commitment exists and it is related to an adequate definition of a labor market area and a viable political-administrative base for such activity. But the Governor of a State is in the best position to determine when these conditions are fulfilled. It is clear that the criteria for designation in present legislation is inadequate. Local prime sponsors should be designated only by the Governor of the State in which the area is located following consultation with the affected unit or units of local government and upon the Governor's finding that the criteria of interest, size, and administrative capability are present.

Speaking only for myself and my State, though we are not entirely atypical of many other governors, I would summarize my position and recommendations as follows:

(1) Decategorization and decentralization of manpower programs is a critical need. Even though much could be accomplished by administrative action, I support legislative direction and emphasis in this matter.

(2) The delegating procedures (and specific funding authorizations) of the Steiger bill, the commitment to decategorization of the administration bill, and the Public Service Employment provisions of the O'Hara bill are preferable to me.

(3) The Federal agencies should be responsible for national programs, national policies, priority and guidelines, approval of State plans, and monitoring and evaluation of State performance. The States should be provided wide flexibility in just how they achieve their own relationship to the Nation's objectives. Performance or achievement, not organizational structure, should be the measure of success.

(4) Planning without the authority to redirect funds is a useless exercise. This Governor and his designated planning organization must have the authority to do both.

(5) Cities could be involved in manpower planning upon the designation of the Governor but only when they are large enough to be viable as both political and economic entities and demonstrate satisfactory interests and willingness to undertake the task.

(6) If the Federal Government is serious about decategorization and decentralization, it must demonstrate it by:

(a) using all the decategorizing authority it has.

(b) evidencing trust in and respect for State and local officials at every level of the Federal structure.

(c) not only allowing but encouraging discretion and innovation on the part of States which are demonstrating commitment and competence at least the equal of that of the Federal agencies.

You have the basis for good legislation before you but it is fragmented. In my view it will require a clean bill drawn by this subcommittee to gather the strengths and reject the possible shortcomings of current proposals.

Gentlemen, I thank you very much. If there are any questions, I will be pleased to respond.

Mr. GAYDOS. Thank you very much, Governor.

The chairman of the subcommittee, Mr. Daniels of New Jersey, will now take the Chair.

Mr. DANIELS (presiding). Governor Rampton, I want to compliment you for a very fine statement and analysis of the three bills before us. I regret I was not here, but I had another appointment this morning.

Governor RAMPTON. I am grateful to you for coming in.

Mr. DANIELS. I did arrive in time to hear you say that in Utah you have a manpower planning council which has the authority to consolidate programs and eliminate duplication of any waste of services.

Can you tell this subcommittee just what programs have not been effective and responsive to the objectives of the manpower programs?

Governor RAMPTON. I think probably either Mr. Robson or Mr. Olson, who have been working intimately with that committee, could probably give you more of the details as to just exactly what we have had to change and what we have consolidated.

Let me give you a little bit of background before they do. Now, we had grow up in one State as many manpower programs as there were Federal manpower grants to respond to, because we are sensitive to the problem. These problems were structured in our State government originally in whatever department or division of State government which seemed to respond best to the particular Federal agencies. And when we got ready to survey this we had about 17, I believe, programs that we consolidated under this one.

If you could tell the chairman exactly where we found programs that weren't responsive or duplicative.

Mr. ROBSON. I think, first, our biggest problem was the lack of coordination in pulling the programs together, and then some individual evaluations of programs about the quality of the services and the availability of the manpower services they were providing.

I think, as a general rule, as the Governor's statement indicates, some of the work experience programs we thought were contributing the least in terms of upgrading the skills and the ability of the people enrolled. They were important in terms of their income maintenance impacts, but were not tied in, were not providing basic training, and improving the employability skills of the people who were enrolled.

So we are trying to redirect some of those efforts. One of the major problems that this subcommittee would be well familiar with is that when each program agency seeks to provide its own program and its own facilities there tends to be some duplication. We think considerable economies can be achieved in utilizing the Federal resources by tying those programs together as we have in the Human Resources Center in Salt Lake.

Mr. OLSON. Another item we might mention, Mr. Chairman, is the fact that there is too much emphasis on orientation: an inordinate amount of money being spent on activities like orientation and counseling and not nearly enough being spent on training and the provision of basic education which will provide for the employability of those we are trying to serve. We have tried to redirect programs away from counseling and orientation to providing the basic education and training skills that are necessary.

Mr. DANIELS. Your response has been very general. Could you specify particular programs which you found ineffective and deemed necessary to eliminate? I would like to know which programs you feel have worked the best.

Mr. ROBSON. I don't know that we have eliminated any programs, as such, Congressman. I think we have had our most serious reservations about the NYC program; about some of the accomplishments of our MDTA-OJT program, I think we felt our best accomplishments have been under the institutional training under the MDTA program.

We think we have had mixed experience under the WIN program. But in terms of actually eliminating whole programs, of course, we have followed the policy by and large of operating each of the programs that the Federal Government was funding and supporting. We haven't been able to tie them all together as effectively as we would have liked yet, but we are working on that.

Mr. DANIELS. In operating these programs do you have a follow-through to see whether or not these trainees are given gainful employment and how long they stay on the job?

Mr. ROBSON. We are trying to do that. As you know, it is a difficult task. We are working with the State agencies as a council to try to insure that each of them provides the council with followup information to the extent that our staff can engage in followup, we are concentrating primarily on planning and programing at this stage of the game, to find out what does actually happen to the enrollees of the programs.

Again we think the experience in MDTA institutional training has been quite favorable. The experience in the NYC program is not as good. We have just completed an evaluation there and the linkup between an experience in NYC and any subsequent employment that was directly related to this program has been very difficult for us to establish on the basis of our evaluation.

Mr. DANIELS. Then you are not in any position today to give us any figures as to what measure of success you have met with placement after going through this extensive training?

Mr. ROBSON. For MDTA institutional training, we can tell you that our placement into employment has been in excess of 80 percent of those enrolled in MDTA institutional training. We think we have pretty good information there. Under the WIN program, which has been operating a relatively short time, as you know, we have not computed placements quite in the same way, because there is not the kind of definite termination of enrollment in the program that you find in MDTA institutional training. We have not been overly impressed with our success in placing WIN enrollees, though we think our experience is considerably better than some of the other States that we have looked at.

Mr. DANIELS. Governor Rampton, in your testimony you endorsed the concept of decentralization and giving authority to the States to develop comprehensive manpower programs, you disapproved placing these programs in the control of our local mayors, and I believe you reserved the power of vote over local projects, is that correct?

Governor RAMPTON. That is right. I think I made it clear that there are undoubtedly places where the program could best be handled by a city. But I think the Governor is in a much better position to determine where and when that can be done than is the Secretary, being far removed from the scene.

It often becomes a matter of personalities between a Governor and a mayor. I am sure that that is one of the reasons why there is some complaint from the State of New York on law enforcement programs. But in spite of that, except in very large cities like New York and Chicago, where the Secretary might have an intimate knowledge of what goes on in that city, I think the Governor is in a much better position to know and in a much better position to evaluate where the program can best be handled.

Mr. **Daniels.** Let's take Salt Lake City as an example. You indicated they are not interested very much in manpower programs and yet very critical of the programs. Suppose the city of Salt Lake comes up with a program and you disapprove of it? How are we going to resolve that impasse?

Governor **Rampton.** That I disapprove of?

Mr. **Daniels.** Yes.

Governor **Rampton.** Well, I would suppose the method I would favor would be that we do the planning on a State level and only if I, as Governor, or my planning council, determine that the certain responsibility should be assigned to the city would it be assigned to the city. There would be no direct liaison between the Federal Government and the city.

Now, in our State there is another reason—and it is entirely apart from the willingness of the city to take such programs on—why I would not like to see it done. We have most of our people living in an area measuring about 100 miles north and south, by about 20 miles east and west. About 80 percent of the population of Utah is in that section. Well, there are, I should judge, 50 municipalities in that area with three fairly large cities—Salt Lake, Ogden, and Provo. But that is one labor market and I would not like to see programs broken down between the three cities there, because I think we have a common problem and I think it should be taken care of on a State basis.

On the other hand, I am sure that there are many States where the municipal government covers the entirety of a single metropolitan area or an urban area where it could best be assigned to the city. The thing is, if you start determining just exactly how we are going to be structured from a Federal level on these grants, what you are attempting to do is make a program for the typical State and there is no such thing as a typical State. It is just like getting a readymade suit for a typical figure. You get a suit that doesn't fit anybody, really, unless it is altered. And the same thing is true of any ironclad mold in which you attempt to place a program that you expect to be administerd at a local level, State or local level. I think you have got to let the States do some planning.

Now, of course, the Governors were very concerned in the beginning when we started getting block grants that there wouldn't be any improvement over categorical grants, because we were afraid the right of veto would be exercised by the Federal agency so extensively that they would make them back into categorical programs anyway. But that hasn't proved to be true. Both the Department of HEW and the Department of Justice block grants have been administered very liberally. While the States, in their plans, must conform to the objectives of the Federal Government, considerable latitude is given in organizational structure and emphasis is on programs accomplishment as opposed to a deemphasis in other programs authorized.

Mr. **Daniels.** Thank you, Governor.

Mr. O'Hara?

Mr. **O'Hara.** Governor, I want to thank you for your testimony which I had an opportunity to read, even though I wasn't here to hear all of it. I know that you are one of the Governors who has been most interested in these programs and I know your associate, Mr.

Robson, as being probably a man that whom no one better understands the problems of administration of these programs.

I am enthused that you have endorsed the public service employment concepts of my bill which would permit the States and local units of government, and private, nonprofit organizations, to enter into contracts with the Federal Government under the terms of which the Federal Government would put up the money for hiring people to do community improvement work.

Do you have any idea of the magnitude of the need for this kind of employment in your own State. Do you have the benefit of even a rough survey?

Governor RAMPTON. Do you mean the need or the opportunity for it?

Mr. O'HARA. Both.

Governor RAMPTON. Well, the need is there without doubt. Now, we would be able to tell you a little bit more about the opportunities in a little while.

How many departments have we received replies from?

Mr. OLSON. We have response from about a third.

Governor RAMPTON. We circulated a letter about 10 days ago to all departments of the State government and I directed them to report back to me what positions on their table of organizations could be filled by a disadvantaged person with proper preparation and on-the-job training. And Mr. Olson tells me about a third of them have responded.

But of those that I have seen, there is only one department and that was the retirement fund, which is a quasi-State department with a very small staff, that replied that they didn't have any spots. Everyone else has said, "Yes, we can identify such positions."

Now, as I stated while you were out, we are a little hampered by our merit system bill in the State. We have about 96 percent of our State employees on the merit system now. But I intend to ask the next legislature to liberalize the merit system a little bit to accommodate this program.

Mr. O'HARA. I would be interested, and I am sure the committee would, in getting any figures that you are able to supply us as you go along.

Governor RAMPTON. As soon as we get them tabulated, we will mail them to the committee and with copies to all the members.

Mr. O'HARA. It has been suggested that we ought to sort of give everyone a piece of the action, the mayors and the cities, as well as States, and you have said in your testimony that you think this is maybe an OK thing and it might work out very well in some places but not in Utah.

Governor RAMPTON. I don't think I said that exactly. What I said was that it may work anywhere, but the decision can best be made by the Governor or by his manpower planning council.

Mr. O'HARA. But you also pointed out that 75 percent of the population lives along the Wasatch Front and for all practical purposes it is just one big labor market with people moving back and forth around in it, and it wouldn't make a lot of sense to treat any one of these entities in that area as a separate entity in a manpower training sense.

Governor RAMPTON. That is right.

Mr. O'Hara. I am inclined to agree with you on that. My problem is that I think that most of the metropolitan areas of the country have gotten that way. I think of my own community and it doesn't really make any sense to say, "Let's take Detroit and make it a separate entity for purposes of manpower recruitment and placement. Nowadays something like 40 percent of the people that live in the suburbs work in the city, and I think it must be about 30 percent, I don't know the figure, of the people that live in the city who work in suburbs, and the people that work in the suburbs don't work in the one they live in, that is about 60 percent of them go from one suburb to another, you know. It is just such an interlocking, mixed up business and I really wondered about the viability.

Now, I know if I were mayor of Detroit and someone said to me—well, there are two choices. First, I guess you would have to make the choice, are you going to say the city is the labor market for this purpose and the mayor of Detroit is in charge, or are you going to go the way the administration bill tries to go in a way, and say that we recognize that you can't do that, and we will recognize that the metropolitan area is the labor market and that we will put the mayor of the largest city in charge. All I know is, if I were mayor of Detroit and I was put in charge of a program in the entire metropolitan area, I would make darn certain that I ran in such a way that it would be run in maximum benefit to my own constituency. If you were put in charge of a four-State for these same purposes, I am sure that your first business would be to make sure that Utah was taken care of, and then you would see if there was anything you could do for Colorado or Arizona and whoever else was there.

I think if you are going to put local officials in charge the logical choice would be the Governor. But in some places like my good friend Dominick Daniels' area it doesn't even make any sense to put a Governor in charge. For instance, the New York labor market certainly covers at least three States, or parts of three States, and I don't think that the people that live in west New York, for instance, just on the Jersey side of the Hudson, are going to be very happy about having their entire dependence for manpower sources placed in either the hands of Mayor Lindsay or Governor Rockefeller, who owe them no allegiance whatsoever.

So this business of trying to make a pattern and then say, "Now we are going to put these local officials in charge," just doesn't seem to me to fit the reality of the situation.

Governor Rampton. But you only have about three or four of those multistate metropolitan areas in the country—you have the New York-New Jersey area, you have the Philadelphia area, you have the Chicago-Gary area. That is about it. Other than those areas where I will concede, Mr. Chairman and Congressman O'Hara, that you might have to make a modification of my proposal, still, by and large, the metropolitan areas of the States tend to be some distance from the State borders. In the West I cannot think of a single multistate metropolitan area that we have.

Mr. OHara. You have got a couple or intrastate ones, but not multistate.

Governor Rampton. I don't suppose we are going to be able to do much about that.

But other than those three or four large multistate areas, I think this can best be handled through the State. Now what the answer is in those multistate areas, I don't know. I don't know who you would place responsibility with. If you are going to put it with some government entity, who is it going to be if it isn't the Governors in an attempt to work some sort of interstate coordination.

Mr. O'Hara. Well, it is a very difficult problem. But I just don't think that the idea of putting the mayors either in charge of just the central cities and then separating the central city from the rest of the metropolitan area, I don't think that makes much sense. I don't think it makes much sense to put a mayor of the central city in charge of the metropolitan area. And if we are going to do it that way, I think the Governor is the more logical choice, because he at least is responsible to all the people of that entire metropolitan area and is accountable to all of them, not just to some of them. So we have some accountability.

Governor Rampton. Well, I don't know a single Governor—and I know all of them quite well—that isn't vitally concerned about local government and how well it is doing, and that isn't perfectly capable, both from ability and motivation, to make sure that where the implementation of the plan should be in a municipality that he wouldn't assign it there.

Mr. O'Hara. You see the scheme of my bill has been that we give the Secretary the flexibility to determine for each particular kind of problem what sort of administrative entity should be established. In some of the multistate labor markets, such as Philadelphia and New York, he could go a different route than he goes in Detroit. And in Detroit he could go a different route than he goes in Salt Lake City or whatever seems to him to be most tailored of these arrangements to the particular problem involved.

Governor Rampton. Well, I would prefer so far as possible to have the provision in the legislation rather than with the Secretary so that the Governor can know what he can expect. Now, perhaps there could be some modification to the Steiger bill, a combination of the two approaching wherein these multistate areas could be assigned to the Secretary but in other areas the legislation would direct that the State be the planning agency.

Mr. O'Hara. Well, Governor, I think you have done an excellent job on this and it is clear that you have done your homework.

Governor Rampton. I have got a couple of boys here that did their homework very well.

Mr. O'Hara. They must be pretty tough instructors but they had a good pupil because you were very knowledgeable about the program.

Mr. Daniels. Mr. Gaydos.

Mr. Gaydos. Thank you, Mr. Chairman.

In your statement you referred to 20 percent of your total population in Utah as being in need of some kind of manpower services. That constitutes 223,000. That is a rather substantial figure. Are we talking about the work force or are we talking about people?

Governor Rampton. That would be people. But, of course, what is your work force? That is pretty hard to tell sometimes. It varies from time to time, because if we get the training to some of the people that don't want extended academic work they become a member of the labor force at a fairly young age. It is people that I am talking about, I am sure that is true.

And if I were to relate those numbers to the work force, it would reduce it by more than half, probably by 60 percent, of the actual employables or potential employables.

Mr. **Gaydos.** I would have to assume that, looking at the figure, that would be one of the reasons why you were somewhat—you enjoy the No. 1 category as far as the attack on the problem by establishing a manpower council. A lot of States don't have it established, some attack the problem in a less concise manner than you have by legislation. You have recognized it and have done something about it, which I would think would be a good action, good program, and good legislation and that is why I think these figures reflect this action of your State. This is a very substantial figure in comparison with a lot of other States, including my own State of Pennsylvania.

Maybe, Mr. Robson, you might be able to answer this since you have referred to it previously. The National Alliance of Businessmen, are they active in Utah?

Mr. **Robson.** We have a NAB organization in Salt Lake City. We were one of the last of the cities added to the national program and are active at the present time. They have conducted two pledge campaigns and have filled approximately a third of their quota there. Probably Salt Lake is like other places. We have a number of industries who because of the relaxation in activity in the economy as a whole, some of our major employers have some of their regular employees on lay-off and therefore are not in a position, at this point in time, to add disadvantaged people to their payroll. But the NAB program in Salt Lake City is making a very important contribution. We are not as pleased as we might be with the number of jobs contracted in the city. We hoped that our employers would have responded more aggressively to the opportunity than they have. But by and large the NAB program is making a contribution and the employers are working with us in taking references from the Human Resources Center in Salt Lake. The executive director of the jobs program is a member of the State Manpower Planning Council and we are pleased to have those programs operated in Salt Lake.

Mr. **Gaydos.** It has been suggested in prior hearings here that the National Alliance of Businessmen and the approach to the problem is the best and possibly the only approach in solving our manpower programs. Do you have any comment on that, Governor?

Governor **Rampton.** I don't think standing alone it solves the problem. It gives the opportunity to a job, but I don't think standing alone it is going to mean very much. I think it must be supplemented by the other programs.

Mr. **Gaydos.** I have no further questions.

Mr. **Daniels.** Thank you, Governor.

Governor **Rampton.** Thank you very much.

Mr. **Daniels.** Our next witness is Mr. Daniel H. Kruger, Professor of Industrial Relations, Michigan State University.

Mr. **O'Hara.** Mr. Chairman, would the gentleman yield?

Mr. **Daniels.** Yes, I would be happy to.

Mr. **O'Hara.** I would like to take this opportunity to welcome Professor Kruger. We are really blessed today with some outstanding testimony. I think this is winding up the way any good fireworks display should—with the best ones saved until the end.

Professor Kruger is my mentor, one of those who has been most helpful to me in learning some of the problems of manpower training development. And he is indeed a distinguished and very well informed witness. I am saying this without even having read his testimony, you see, so I may want to take some of it back afterwards, but I don't think so.

Mr. DANIELS. I may say in response to the gentleman from Michigan that Professor Kruger you have been a real fine instructor.

STATEMENT OF DANIEL H. KRUGER, PROFESSOR OF INDUSTRIAL RELATIONS, MICHIGAN STATE UNIVERSITY, EAST LANSING, MICH.

Mr. KRUGER. In addition to being a professor of industrial relations at Michigan State, I am also chairman of the Michigan Manpower Commission and am very much involved in the resolution of manpower problems.

I appreciate very much the opportunity to appear before the committee to present testimony on the manpower bills currently before this committee.

I want to focus primarily on the Manpower Act introduced by Congressman O'Hara and the administration's bill. In putting my remarks into perspective, one of the difficulties in evaluating these manpower programs which the Congress has enacted since 1962 is that the administration has been so diffused.

There are at least six sets of governmental relationships involved in the planning and delivery of the manpower services:

At the Federal level, there are relationships between the Department of Labor, the Department of Health, Education, and Welfare, the Office of Economic Opportunity, and other Federal agencies concerned with manpower. Each has a slice of the activities. Each, in a sense, has its own interests. And, unfortunately, none of the bills address themselves to the problem of coordination at the Federal level.

The second set of relationships deals with the Federal agency and the appropriate State agency, for example, the Federal-State system of public employment offices, the Federal-State system of vocational rehabilitation, and the Federal-State vocational education system. In the Federal-State relationship the general guidelines are determined by the Federal partner, and the State agency has the responsibility of implementing the program within the guidelines. The State partner is not involved in the formulation of the guidelines under which the specific program is administered. The Manpower Training Act does address itself to improving relationships between the Manpower Administration of the U.S. Department of Labor and State agencies involved in manpower programs.

A third set of relationships involves a Federal agency and the local community in which the guidelines and funds move directly from the Federal agency to the local community. The Community Action Agency established under the Economic Opportunity Act is an example of this type of relationship. Another example is the model cities program in which the funds flow directly from the Department of Housing and Urban Development to the local community receiving the grant. Some of these programs carry on manpower activities which are beyond the supervision and control of the U.S. Department of Labor, or the State Employment Service. The Manpower Training Act (MTA) does provide that local area prime sponsors shall be included in State plans and subject to approval by the Secretary of Labor. Moreover, the prime sponsors in standard metropolitan statistical areas (SMSAs) or other appropriate geographical areas are to be designated by the Governors from units of local general government. I want to come back to that. The thrust here is to develop a more effective administrative unit to carry out manpower programs at the local level.

The fourth set of relationships deal with the State agencies involved in the delivery of manpower services. At the State level there is a State Employment Service, a State Vocational Rehabilitation agency, a State Vocational Education department or division, a State OEO Technical Assistance Office to mention the major ones which are involved in manpower programs. These various agencies acted independently for the most part until the establishment of the cooperative area manpower planning system, commonly known as CAMPS.

The CAMPS system was established by Executive order on August 15, 1968. The system, while imperfect, does provide the means for the various State agencies involved in manpower programs to at least begin to talk to one another about manpower programs. Moreover, it has stimulated the States to develop a State manpower plan. The MTA specifically provides for a State plan which will serve as a basis for funding. The funding, however, will be limited to the funds administered by the Manpower Administration, U.S. Department of Labor. Funds for vocational rehabilitation and vocational education are administered by the Department of Health, Education, and Welfare.

The MTA does provide for a State comprehensive manpower agency to include the State employment service, the State unemployment insurance agency, unless exempted by the Secretary, and other State agencies administering manpower programs. The Secretary of Labor will make the determination as to whether this new agency is eligible to receive grants under the act. The Governors, however, may designate some other agency to be the lead agency if given approval by the Secretary of Labor.

There should be another option open to the Governor. Experience in the organization of State government may not always lend itself to the creation of a comprehensive manpower agency or to a lead agency. The Governor, for example, may want to designate the office of the Governor as the lead agency. By this I mean he may want to create or use a manpower commission or council directly responsible to him as his lead agency. In my view he should have this discretion without being penalized by reducing the moneys provided by MTA if a comprehensive manpower agency is not established.

There are good reasons for permitting the Governor this discretion. He is the State's chief executive officer elected by all the people. He is in a position to minimize frictions between State agencies because he is the Governor. He can exercise executive direction and decision-making authority to establish and maintain cooperative working relationships and linkage—that is very important—and linkage among the various State agencies involved in manpower activities.

MTA attempts to bring about more effective coordination among the principal State agencies involved in the delivery of manpower services. Of course, there is a calculated risk in giving the States control over fiscal resources and administration of manpower programs. At the moment all States do not have the same degree of competencies to perform adequately their roles as contemplated under MTA. Moreover, all the Governors have not shown the same degree of interest or support of the manpower programs. Perhaps one reason for this lack of interest is that the manpower programs are now under Federal direction and control. Thus the argument could be advanced that if the States were given the responsibility for the administration of the manpower programs, the Governor would become more interested. Over time, the States would develop the necessary competencies to mount an effective manpower program which relates directly to both industrial development and human resource development.

Establishing such a comprehensive State manpower agency as contemplated in MTA will not be a simple task. In some States to establish such an agency will require changes in the State constitution. For example, in Michigan, the vocational education program is administered by the State board of education through the State department of education. The Board of Education in Michigan, as in other States, is a constitutionally established body. Although there may be difficulties in establishing such an agency, it is possible. However it is not going to be easy.

A fifth set of relationships involved in the administration of manpower programs is between the State agencies and the local communities. An example of this relationship would be the State employment service and its local offices. The State office provides the guidelines and control over the local offices. Local labor markets vary and a State-directed program may not fully meet the needs of the local area. The local CAMPS committee, at least in Michigan, attempts to develop a plan to meet the needs of the area. The allocation of funds for manpower training programs, however, is a function of the State CAMPS committee, at least this is the procedure in Michigan. The availability of funds, in most instances, is not sufficient to cover the details of the local plan. At present there is no equitable formula for the distribution of manpower funds to the local area. In the MTA, section 601, there is a passthrough provision. Each standard metropolitan statistical area is guaranteed a minimum share of the State's apportionment based on its share of the State's labor force and disadvantaged individuals.

In my view the standard metropolitan statistical area is not a desirable geographical unit for the planning and delivery of manpower services. This concept while appropriate for population analysis includes numerous governmental units such as counties, cities, villages, and townships, and focuses on urban areas. It precludes the rural areas which are in desperate need of their equitable share of manpower services. Consideration should be given to the use of a county or combination of counties as determined by the States as the best basis for an effective geographical planning and service unit. The same funding formula as provided in MTA would apply, namely the percentage of the State's population living in a county or a combination of counties and the disadvantaged individuals.

The sixth set of relationships affecting the delivery of manpower services—is the relationship between the central city and the suburban areas. The suburbs have the jobs and the ceneral city has the individuals in need of manpower services and jobs. Public transportation in many areas does not provide adequate service between place of work and place of residence. Moreover, housing in the suburbs is usually not available at prices individuals from the central city can afford. Aside from transportation and housing, the suburban communities appear to have a hostile attitude toward the problems of the central city. This attitude acts as a barrier to cooperation between these governmental units.

Designation of a prime local sponsor as provided in MTA may help to bring about more coordination. There, however, may still be tensions between the mayor of the large city and the Governor, especially if they are from different political parties. The big cities have manpower problems quite different from those of suburban communities. The prime local sponsor must be able to relate effectively to the populations to be served. Moreover, the big cities do have political clout. If their needs are not being served or if they feel that they are not getting an equitable share of funds available, their mayors can and do contact their Congressmen and Senators to exert pressures on the Federal agencies. Moreover, the manpower problems of the big cities cannot be submerged in a standard metropolitan statistical area. Big cities and their problems may not get sufficient attention if the focus is just on the standard metropolitan statistical area.

The possibilities of either the States or the local areas being dissatisfied with their apportionment of funds suggest the need for some kind of due process mechanism. The MTA provides for the establishment of a National Manpower Advisory Committee. This committee could serve as a body to hear appeals from the States if a State feels that it has not been treated equitably by the Secretary of Labor or the Secretary of Health, Education, and Welfare in the apportionment of the funds. The committee would make both findings of fact and recommendations to the two Secretaries.

The MTA does not provide for a State manpower advisory committee but the Manpower Act does. The State advisory committee could serve as the body to hear appeals from the local area if the local area feels that it has not been treated equitably by the Comprehensive Manpower Agency or lead agency. This State committee would make findings of fact and recommendations to the Governor.

This due process amendment would enable both the States and the local areas to have "their day in court" should they opt to appeal the allocation and apportionment of funds by either the Secretary of Labor or the Governor.

When Governor Milliken of Michigan established the Michigan Manpower Commission by executive order, the commission of which I am the chairman built in a due-process procedure, and I believe we are the only State that does this. The executive committee of the commission, of which I am also the chairman, can hear appeals from local CAMPS committees who feel that they are not being treated fairly by the State CAMPS committee. Just the existence of such a procedure is valuable in building confidence in the system. There is a body who will listen to the appeals of the local area. To date this has worked very well.

Another thrust of the MTA and the Manpower Act is to define the populations served or those eligible for services. The MTA section 107 should include a statement that within all programs funded by this act, the concept of equity of access to manpower services should prevail. This concept of equity of access means that all citizens of the State, regardless of race, color, creed, or place of residence, shall have equity of access to manpower services provided under these acts. Moreover, a provision should be added that the Comprehensive Manpower Agency or lead agency, or the one that the Governor designates, has the responsibility to make the citizens aware of the manpower services offered. This means that the agency must communicate to the citizens of the State as to what the manpower program is all about. Communicating with the citizens to be served is, however, not sufficient. The agency must assure delivery of manpower services consistent with available resources. All too frequently services are offered which cannot be delivered. The result is frustration and resentment on the part of the populations seeking manpower services. Why promise if delivery cannot be made?

Let me get back to the concept of equity of access. In Michigan, as elsewhere, the cities for the most part have received the attention in the manpower programs, yet there are many people in the rural areas and there are migrants. As a matter of fact, Michigan is the second largest user of migrants in the country. The people in rural areas and the migrants are just not receiving their fair share of manpower services. Moreover, there is the need for making these citizens aware of those manpower services which are available.

Again, using Michigan as an example, there are an increasing number of Spanish Americans, Mexican Americans coming into the State. Many do not read English, and so there is need to communicate to them in a media and in a language which they can understand.

All of the manpower bills being considered attempt to eliminate duplications of both effort and services. The MTA consolidates the MDTA of 1962 as amended and parts of the Economic Opportunity Act of 1964 as amended. This consolidation is needed but it does not include other pieces of legislation which duplicate manpower services. Specific reference is made to the 1968 amendments to the Vocational Rehabilitation Act which provide manpower services to the socially handicapped. That portion of moneys presently budgeted for manpower services for the socially disadvantaged under the Vocational Rehabilitation Act Amendments of 1968 should be included in the MTA Act or any other piece of legislation which this committee considers. This would limit vocational rehabilitation expenditures to persons with physical and mental handicaps. Services to the socially disadvantaged individuals are provided in the MTA, section 107. Inclusion of the vocational rehabilitation moneys for the socially disadvantaged in the MTA would eliminate another aspect of duplication of manpower effort and would tend to make the bill more comprehensive.

The MTA should contain a provision for public service employment, as does Congressman O'Hara's bill. This is a very important addition. There is need for a public service employment provision in the Nation's manpower programs.

Just as an aside, Mr. O'Hara asked the Governor of Utah about the extent of need for public service employment in his State. As chairman of the Michigan Manpower Commission, I have appointed a task force of mayors from across the State. They are in a process of analyzing how many slots they could use in a public service employment program. As soon as the data is collected, I will forward it to Congressman O'Hara and other members of the committee.

Of course, the Department of Labor is currently involved in a public service careers program. Such a provision should be included in MTA for two reason. Employment in the public sector is increasing rapidly and thus there are jobs available. Second, public service employment can be tied in with title V of the MTA Act, the economic stabilizer. When national unemployment rates rise to 4.5 percent or higher, public service jobs can be created thus absorbing some of the unemployed. I want to underscore that title V is a very important addition to the federally supported manpower programs in that both national economic policy and manpower policy are interrelated.

With reference to MTA, title V, the Secretary of Labor should also have the authority to increase apportionments to those States which are experiencing a rate of unemployment of 4.5 percent or higher. These extra apportionments would be made out of the discretionary funds of the Secretary. Reliance solely on the national unemployment rate will not, in my judgement, be responsive enough to high levels of unemployment in individual States. For example, in Michigan during the period 1956-68 the State's unemployment rate was higher than the national unemployment rate in 9 of these 13 years. If the Secretary could respond to high State unemployment rates through an extra apportionment, this would enable the States to expand their training programs for a larger number of unemployed workers.

Title III, MTA, provides for research, technical assistance, training of staff involved in manpower programs provided under this act, as well as for experimental and demonstration programs, and improving and strengthening labor market information. No provision, however, is made for a specific percentage of the appropriation to be allotted for these important activities. The MDTA amendments of 1968 included a provision that 2 percent of the appropriation be allocated for staff training and development. This established an important principle which I feel strongly should be continued. As a possible recommendation, 5 or 6 percent of the appropriation should be reserved to finance technical assistance, training of staff, and improving and strengthening labor market information, to assure that proper attention and emphasis will be given to them.

With respect to experimental and demonstration projects, each State should be allotted funds to finance such projects. As it now stands, E. & D. projects are financed primarily by the U.S. Department of

Labor. Allocating the States certain funds over which they will have control to finance E. & D. projects is in keeping with the intent of MTA, namely the decentralization to the States of certain types of decisionmaking.

The advance funding provision of MTA is certainly a significant improvement in the administration of the manpower program. The Department of Labor and the State manpower agencies will be in a better position to plan their programs for the succeeding fiscal year since the appropriation will be known. One of the criticisms currently directed at the manpower program is that there has been little or no time for careful planning of and for manpower services. Effective planning for manpower services, of necessity, must extend beyond the fiscal year in which one is operating such programs.

There is another aspect of strengthening the administration of the manpower program. The MTA is designed to place greater responsibilities on the States for the planning and delivery of manpower services. The formulation of national policy and guidelines remains the responsibility of the Secretary of Labor. The States operate within these policies and guidelines. For the most part the States are not involved in the formulation of these policies and guidelines. If creative federalism is to work, the States must be involved in shaping the policies under which the manpower programs are to be conducted. It therefore seems appropriate that the administrator for the State comprehensive manpower agency or lead agency or the one the Governor designates be designated as the Associate Manpower Administrator for his State. Thus there would be 50 Associate Administrators. They would be involved in the development of national manpower and guidelines affecting all States. The argument could be made that if they are involved in policy decisionmaking they are more obligated to carry out these policies. The distinction between the "Feds" and the State administrators would be blurred. Their attitude toward "Federal policy" would change because of their legitimate involvement. Currently there is a consultative relationship between the Department and the State agencies primarily through committees of the Interstate Conference of Employment Security Agencies. The extent of consultation varies depending on the attitude of the Secretary and the Manpower Administrator.

The Associate Manpower Administrator for a State would be appointed by the Governor. As such, he will represent the Governor's point of view in the shaping of national policies and guidelines. The legitimate involvement of the Associate Manpower Administrators could well result in a more effective manpower program because the policymakers are closer to the plane of action. Moreover, their involvement would foster mutual understanding of the problems involved in administrating a national manpower program by the States.

The creation of an Associate Manpower Administrator for a State not only structures in decentralized decisionmaking, it also provides meaningful feedback in evaluating policies by individuals who are actually operating programs. This structural change in policymaking could result in a change in attitude of staff personnel in both the State and local offices. The legitimate involvement and participation of the Associate Manpower Administrators for the States puts them fully inside the system loop of planning operations and evaluations. Under the present system the States are only involved in the operating function. The time is ripe in the administration of manpower programs for experimentation in new institutional arrangements.

In summary, the three bills before the Congress present a unique opportunity to strengthen and improve the Nation's manpower programs. There are certain features in each bill which will accomplish this objective. Moreover, the suggestions made in testimony before this committee should be given serious consideration. The bills and the testimony provide the Congress with the necessary raw material to enact a Manpower Training Act which will focus on the manpower problems facing the Nation in the 1970's.

Mr. DANIELS. Thank you, Professor Kruger. I want to compliment you on a very fine analysis of our various manpower programs and the relationships between the Federal, State and local governments. You have done a great deal of homework on this, I see, and you indicate the knowledge and wealth of experience that you have in this area.

I am indeed intrigued by the idea that you have presented—the Associate Manpower Administrator cooperating in this program and that such programs be established in the 50 States. That is a novel idea. This is the first time that this has been presented here.

Mr. KRUGER. May I comment on it, Congressman?

I have been a close observer of the employment service for the last 20 years in my capacity as a faculty member and as chairman of the Michigan Manpower Commission and as a student of manpower programs. It just seems to me that when the Secretary of Labor and the Manpower Administrator develop guidelines and say, "OK, States, carry it out," the dichotomy between the Feds and the States, in my judgment, impede the effective administration and implementation of our programs. So, as I have indicated, is it not possible for us to experiment? Once upon a time we said that the States were designed to be laboratories for experimentation. Now why not see if we can't figure out a way in making an associate manpower administrator for each State legitimately involved in the making of guidelines and policies relating to the national administration of the manpower programs. I just think this involvement would enable the States to get on board and do a more effective job in the implementation of the manpower programs.

Mr. DANIELS. I think this committee should give very serious consideration to your suggestion.

The gentleman from Michigan, Mr. O'Hara, do you have any questions?

Mr. O'HARA. Professor Kruger, we would be very interested of course in getting that material that you develop in the public service employment opportunity in the State of Michigan.

I am a little dubious on general principles of having one of the units of government raising the taxes and another unit of government spending the money. And for that reason I haven't been an advocate of simply turning money over to local units or State units of government and saying, "Now, here, fellows, go ahead." I think it is a very salutary experience to raise the taxes for what you want to do; in other words, I think those two things ought to be associated.

So in respect to your idea of associate manpower administrators, I believe the States ought to be involved somehow in the formulation of federally funded——

Mr. KRUGER. They would be involved in the formulation of guidelines and polices.

Mr O'HARA. They would be responsible to the Governor in each case. Well, I would like to think about your idea a little. It comes to me new. Maybe we ought to consider this as one of the ways in which we could develop an administrative structure that would satisfy the proponents of each of the three bills. I don't know if we can or not.

It is the only new idea we have had, just about, since these hearings began.

Mr. KRUGER. The consolidation of the bills and the financing, I can appreciate, but I am concerned about how do we get these services into the community in a more effective way. And, as you know, I believe the States ought to be involved somehow in the formulation of the policies.

Mr. O'HARA. I do disagree with your idea that the city ought to be a separate entity for the purpose of administration of manpower programs. I have had some experience with that that hasn't enchanted me at all.

Mr. KRUGER. I would certainly agree and this is why I think we need to have some other kind of geographical area other than the standard metropolitan statistical area as the basis for the plan.

Mr. O'HARA. I don't want to go to the city exclusively.

Mr. KRUGER. County or combinations of counties.

Mr. O'HARA. That is all right with me. But I just think the SMSA might not be correct. As Governor Rampton pointed out, there are in one labor market in Utah three SMSA's. And while that is not true in the Detroit area, nevertheless the labor market area is larger than the SMSA.

Mr. KRUGER. That is why I said counties and combination of counties, and I had Detroit, Lansing, Flint, and Grand Rapids in mind in terms of letting the State decide what is the best geographical unit in terms of planning the manpower services and delivery of manpower services.

Mr. O'HARA. I think the best way is to work on a labor market basis and let them define what the labor market is in a given case.

Well, I thank you. I am not going to take any more time.

Mr. DANIELS. Does the gentleman from Pennsylvania have any questions?

Mr. GAYDOS. One question. Back again to that associate manpower administrator question. You mentioned that the Governor would appoint the individual and he would represent the Governor. Wouldn't we have 50 different opinions and guidelines? When do we get down to work?

Mr. KRUGER. Don't the manpower programs that this committee has been discussing have bipartisan support? I think across the country the Governors are becoming more and more involved in manpower programs and this novel idea may even encourage and stimulate the Governors to become more manpower conscious with respect to the manpower effort.

Mr. GAYDOS. You heard the prior witness testify. Didn't you hear the Governor say that the Salt Lake City area didn't want to have anything to do with manpower training and thought it was a waste of time and funds?

Mr. KRUGER. The mayor of our largest city is very interested in manpower programs. And, interestingly enough, in this task force of mayors which I have established under the Manpower Commission, we are in the process of educating the mayors to what the manpower programs are all about and how they can use the manpower programs. And in the final analysis the mayors are being held increasingly accountable for what goes on in their cities.

Mr. GAYDOS. That is a progressive movement.

Mr. KRUGER. Let's see if we can't educate the mayors to take on their responsibilities.

Mr. GAYDOS. Thank you very much. You should be complimented on your statement. It is excellent.

Mr. DANIELS. On behalf of the committee I want to thank you for a very fine statement. I am happy you could be here.

This concludes our 27 days of public hearings on proposed manpower legislation. I want to thank all those who participated in these hearings and made their views known to this subcommittee. The Chair will notify all members when we will meet for the purpose of marking up a bill.

(Whereupon, at 11:20 a.m., the subcommittee adjourned.)

APPENDIX

EMPLOYMENT SERVICE REVIEW—"A COMPREHENSIVE MANPOWER SERVICES CENTER," FEBRUARY 1966

(Employment Service Task Force Report)

A special 15-member Task Force was appointed October 1965 by Secretary of Labor W. Willard Wirtz to review the operations of the Federal-State Employment Service. Under the chairmanship of Dr. George Shultz, Dean of the Graduate School of Business of the University of Chicago, membership on the Task Force included distinguished representatives from management, labor, and the public. In naming the members of the group, Secretary Wirtz stated, "The role of the Employment Service in many of our major manpower programs has expanded rapidly in the more than three decades since the passage of the Wagner-Peyser Act. The time has come to review the operations of the Employment Service and to consider what is needed to improve its operations as the front-line agency for translating manpower, education and training, and war-on-poverty policy into operational reality. With its present network of more than 2,000 local employment offices, operated as a Federal-State partnership, the Employment Service reaches into the heart of every city and into rural areas as well. The Employment Service is involved in the administration of all or part of more than 20 different laws."

The unanimous Report of the Task Force was submitted to the Secretary of Labor on December 29, 1965. In releasing the Report, Secretary Wirtz stated that its central emphasis is that "* * * if the Employment Service is to meet today's demands it must be a 'comprehensive manpower services agency' rather than the 'simple labor exchange' which was called for when it was established 33 years ago." It is within this concept of the expanded role of the Employment Service with its new requirements that the Task Force Report reviews the present working of the Service and makes recommendations for administrative improvements and legislative changes needed.

The Report is now under careful study to determine what administrative action is required to implement its recommendations. It will also be used as a basis for consideration of changes in the Wagner-Peyser Act.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE MANPOWER ADMINISTRATOR,
Washington, D.C., December 23, 1965.

Hon. W. WILLARD WIRTZ,
Secretary of Labor, Washington, D.C.

DEAR MR. SECRETARY: We hereby submit our report covering recommendations for legislative and administrative changes to improve the operations of the Employment Service. All members of the Task Force are in accord with these recommendations.

We are especially appreciative of the excellent cooperation we have received from many sources, both within the government and outside. This cooperation facilitated greatly the work of the Task Force.

Respectfully submitted,

John R. Coleman; Frederick C. Fischer; Cameron Hall; Vivian W. Henderson; John H. Lyons; Charles M. Mason; Agnes Meyer; Charles A. Myers; Mahlon T. Puryear; Howard J. Samuels; Percy H. Steele, Jr.; Leonard Woodcock; George P. Shultz, Chairman; Arnold R. Weber, Vice Chairman; Daniel H. Kruger, Executive Secretary.

STATEMENT BY SECRETARY OF LABOR W. WILLARD WIRTZ

A special Task Force composed of 15 distinguished citizens has prepared a comprehensive critical and constructive report on the operation of the Federal-State Employment Service.

The Report includes plain and blunt observations on what the Task Force finds to be shortcomings in the present working of the Service. These are accompanied by specific recommendations for administrative improvements, and for legislative changes in the Wagner-Peyser Act of 1933 (which established the Service).

A number of the points touched on by the Task Force have been considered controversial. Its findings and recommendations are, nevetheless, all unanimous. In view of the tripartite (management, labor, public) composition of this group and the prestige of its members, this will go a long way in advancing the purpose of improving the Employment Service.

The central emphasis of the Task Force Report is that if the Employment Service is to meet today's demands it must be a "comprehensive manpower services center" rather than the "simple labor exchange" which was called for when it was established 33 years ago. It recommends, in this connection, a clear and complete separation of the unemployment compensation and employment service functions, including separate financing.

Special attention is also directed to the need for strengthening Employment Service personnel by setting up special training programs, raising salaries to professional levels, and in other significant ways.

The Report points up clearly the increasing necessity of integrating the Employment Service with other private and public manpower agencies and programs.

The Task Force members have turned their attention to a number of vital operational needs:

For the development and dissemination of "labor market" information.

For the improvement of interarea recruitment procedures through the establishment of "multi-market centers" and the use of automatic data processing and computer technology.

For advancing true equality of opportunity.

For budgetary processes and controls.

For more effective emergency planning operations.

For a separate advisory and review committee.

For meaningful annual reports by the USES and the State agencies.

This Report will receive the most careful consideration. I have today transmitted copies to the State employment agencies, asking for their comments. I am asking Manpower Administrator Stanley Ruttenberg to advise me regarding the implementation of the Task Force recommendations which can be met by administrative action.

The Report, particularly in view of its unanimity, will be of inestimable value as a basis for the consideration of changes in the Wagner-Peyser Act.

In more general terms, this Report serves a much needed purpose of redirecting attention at the necessarily central "manpower" function of efficient matching of people and jobs.

Recent emphasis has been on meeting the problems of unemployment and poverty with special training, work experience, Job Corps, Neighborhood Youth Corps, vocational education, and similar programs. Important as these are, the thing that counts is getting a person into a permanent job.

With the economy as strong as it is, the most direct and effective attack on unemployment and poverty is to fill as many open jobs as possible just as fast as possible.

The changes recommended by the Task Force are directed to this end.

I want to thank each of the Task Force members for a signal contribution to the "good of the Service" and to the public interest.

In particular, I want to recognize the untiring efforts of the Task Force Chairman, Dr. George Shultz, Dean of the Graduate School of Business of the University of Chicago, and the Vice Chairman, Professor Arnold Weber, also of the University of Chicago.

SUMMARY OF RECOMMENDATIONS

I. The need for a new legislative mandate to clarify the role and mission of the Employment Service within the framework of the Federal-State system and with the recognition of the existence of other labor market intermediaries, both public and private.

II. A separate, identifiable Employment Service.

A. Administrative separation from Unemployment Compensation.

1. A separate State Employment Service Director with own staff and line of authority who reports to an administrative head of an overall agency.

B. Physical separation of Employment Service facilities.

1. Physical separation of all Employment Service offices from Unemployment Compensation with reasonable proximity maintained so as to minimize the inconvenience to Unemployment Compensation claimants and jobseekers.

III. Source of service and relations with other groups.

A. No arbitrary limits on clientele served. Employment Service must be able to serve all classes of clientele.

B. Special efforts should be extended by the Employment Service to reach out to persons in need of specialized manpower services to improve their employability.

C. Employment Service should explore all possible ways to develop a more effective two-way flow of information and contacts with private employment agencies which adhere to professional standards in their placement activities.

D. Employment Service should seek to serve in coordinating role in an effort to implement various government training programs.

E. Employment Service should be given legislative authority to enter into contractual relations with nongovernment groups to supply specialized manpower services to certain clientele.

IV. Strengthening personnel in the Federal-State system.

A. Salary administration and personnel qualifications.

1. Higher salaries should be commensurate with the qualifications and standards for these positions as prescribed by the Secretary of Labor. Federal funds would be made available to those States which meet the higher qualifications-higher salaries requirement.

2. The policy on salary comparability for professional jobs should be modified to include the salaries being paid for comparable jobs in the State, both public and private. The Wagner-Peyser Act should be amended by this statutory action, especially in view of pending legislation (Senate bill S. 561).

3. To facilitate the recruitment of college graduates and other qualified employees, the Federal Civil Service Commission should set up a classification entitled "Employment Service Trainee." Trainee would be a Federal employee. The Secretary of Labor would work out a cooperative relationship with the States to assign trainee to State and local operations for a period of 2 years. Afterwards, trainee would be reassigned to the national or regional office or could transfer to the State.

B. Training and development of personnel.

1. Secretary of Labor should require each State's annual plan of operations to include a well-developed training program including provisions for orientation, inservice and outservice training, tuition refund, and educational leave.

2. Training activities should be adequately financed.

3. Secretary of Labor should be authorized to make supporting grants to colleges and universities for development of appropriate curricula and training materials and for the establishment of regional training centers for Employment Service personnel.

4. Budget for Employment Service operations should contain a line item with respect to training activities.

C. Facilitating mobility within the Federal-State system.

1. Legislation should be enacted to enable an employee in a State agency to be appointed to a Federal position if he has permanent status in the State agency under specified conditions.

2. Secretary of Labor should be given legislative authority to develop a system permitting transfers or temporary leaves of absence for personnel to move among State agencies without loss in employment status, etc.

V. Develompent and dissemination of labor market information.

A. Research and data collection.

1. Secretary of Labor should take the lead in clarifying the assignment of responsibility for collecting labor market information within the Department of Labor and by other Government agencies.

2. Employment Service should collect and analyze manpower information required for the Efficient functioning of the Service and for administration of Federal programs dealing with manpower development and utilization.

3. Employment Service should be recognized as a major source for the development of information for occupational guidance, testing, and employment counseling.

4. Employment Service should engage in research which would facilitate manpower and labor force adjustments to automation and changing technology.

5. Director of the national Employment Service should be given legislative authority to contract out research with universities and other institutions.

6. Employment Service should be given legislative authority to collect information from the Federal Government on job openings in governmental agencies.

7. Employment Service should work closely with employers, especially defense contractors, to obtain specific information on their job openings and to obtain advance notice of mass layoffs in order to facilitate workers' job adjustments.

8. Employment Service should make better use of data on job openings now available as a result of normal operations.

B. The dissemination of information.

1. Vigorous measures must be adopted to insure that labor market information is widely and meaningfully disseminated to other public and private organizations with an interest in labor market trends and behavior.

2. Each large office should have a Labor Market Information Officer. In smaller offices the functions of the Labor Market Information Officer would be assigned as a collateral duty to staff members.

VI. The interarea recruitment procedure.

A. Multimarket clearance centers should be established throughout the Federal-State system and the centers themselves coordinated on a national basis. These centers would improve the operation of the interarea recruitment procedure and the flow of job information.

B. The Secretary of Labor should appoint a committee to study and recommend the use of information technology in interarea recruitment. This committee should decide on a regional trial application of automatic data processing, to be thoroughly tested and operated, before establishing an elaborate system. The existing LINCS (Labor Inventory Communications System) provides a basic unit from which to start.

VII. Administering and financing the service.

A. The budget process and financing.

1. The budget process should emphasize the programs to be undertaken and careful methods of evaluation and review.

2. The Employment Service should be financed from both the Federal Unemployment Tax and general revenue. The cost of administering the work test aspects by the Employment Service should come from the Federal Unemployment Tax Fund and the cost of the other manpower services from general tax revenues.

B. Emergency planning.

1. The Employment Service should take the necessary steps to develop plans and techniques for handling emergency situations in the labor market, e.g. mass layoffs, plant closings, and unrest stemming from chronic unemployment.

2. An adequately financed Emergency Planning Unit should be established within the U.S. Employment Service to plan for such emergencies.

C. A separate national advisory and review committee should be established for the U.S. Employment Service and specific functions assigned to it. Members would be appointed for 4-year terms by the Secretary of Labor. The committee would have a full-time staff director, adequate secretarial assistance, and a separate budget.

D. State advisory and review committees should be established in each State. Their functions would parallel those of the national committee and the members would be appointed by the Governor. The State committee would file an annual report on the overall assessment of the State Employment Service.

E. Annual reports.

1. The Director of the U.S. Employment Service should be required to file an annual report at the end of the fiscal year to the Secretary of Labor. This report will contain an analysis of both the manpower services provided and its internal operations, i.e. resources made available and their utilization.

2. The State Employment Service Director should be required to file a similar report to the Governor and to the National Director of the U.S. Employment Service. This report should take the form of a State annual manpower report.

INTRODUCTION

A new look is being taken at the Nation's manpower resources today. The quality and distribution of educational opportunities have never received more attention. The relationship of vocational training and retraining to the adaptability of the labor force is clearly recognized and is reflected in recent congressional action. Agencies linking the job market with special programs for individuals who have special disabilities have grown in both the public and private sectors of the economy. At the same time skill shortages are appearing, and these highlight the need for more effective ways of linking people and jobs.

The growth of programs to deal with manpower problems and opportunities promises better lives for all members of our society. But programs can be no better than the quality of their administration.

This Task Force has reviewed and hereby makes recommendations to improve the quality of management in an agency that has a major responsibility in the development and administration of programs relating manpower and jobs. The Federal-State Employment Service has offices throughout the country and a great potential for service to jobseekers, employers, and other private and public groups seeking improved operations of the labor market. This potential and the concomitant responsibility are especially important for members of minority groups, whose needs in this area are most urgent. If the Service can become a more effective center for manpower services in the community, it can contribute much more significantly toward the full and efficient implementation of the public programs dealing with manpower development and utilization.

Thus, while we make recommendations for improved administration, we believe these are intimately related to current or prospective programs under review in the Congress.

Our recommendations fall into seven areas:

1. The appropriate role and mission of the Employment Service.
2. Further separation of the administration of the Employment Service from the administration of Unemployment Compensation.
3. Improving relations with other groups in the labor market.
4. New provisions for improving the quality and compensation of Employment Service personnel, principally at the State and local levels.
5. Emphasis on the role of the Employment Service in collecting and disseminating information about the job market.
6. Improving interarea recruitment procedures with the aid of modern information technology.
7. Suggestions for administrative matters designed to improve the quality of management in the Service and to strengthen its finances.

In recent years, Congress has recognized the importance of human resources and of their full development and has made significant legislative breakthroughs, establishing ambitious objectives and new programs in the manpower area. A renewed and modernized Employment Service is essential to the effective administration of these programs. Our recommendations are designed to build such a Service and many of them require legislative action. Thus, the Congress is called upon again for affirmative steps toward manpower development.

The Role and Mission of the Public Employment Service

Recent economic events and legislative enactments have created significant opportunities for the public Employment Service to contribute to national welfare. To grasp these opportunities, traditional concepts must be reexamined and existing administrative arrangements profoundly altered. The public Employment Service can no longer be considered a simple labor exchange bringing together jobseekers and employers. Rather, it must be established as a comprehensive manpower services agency whose activities provide vital support for a variety of government programs.

The scope and complexity of current developments lend a new note of insistence to the perennial pleas for improving the Employment Service. On the one hand, the Nation's economy is in a period of rapid change, requiring new patterns of labor market organization and administration. Dramatic technological advances, sharp growth in the size of the labor force and changes in its composition, growing skill shortages, and changing patterns of consumer demand are imposing severe tests upon the versatility of the Nation's manpower institutions. On the other hand, Congress has enacted an amalgam of legislation dealing with manpower, education, and civil rights which is designed to improve the quality of American life and to broaden the distribution of the benefits of economic progress. Clearly, the Employment Service must adjust to these new circumstances in order to retain and enhance its effectiveness.

IMPORTANCE OF LABOR MARKET INFORMATION

In this context, two functions assume overriding importance. First, the Employment Service should assume responsibility for the analysis and dissemination of labor market information in the broadest sense, and the collection and use of such information at the local level. This information would, among other things, encompass the present and future demand and supply for specific occupations, the qualifications necessary for entry and career development in these occupations, and conditions in particular labor markets. In carrying out this task, the Employment Service must, of course, utilize the data available from other public and private agencies in order to avoid duplication of effort. The Employment Service should accept the ultimate responsibility for insuring the adequacy of existing labor market information and its dissemination in usable form. The attainment of this objective is a precondition for intelligent planning and decisionmaking by all organizations or individuals with a stake in an efficient labor market.

TOWARD A COMPREHENSIVE MANPOWER SERVICES CENTER

Second, the public Employment Service is in a strategic position to function as a manpower center at the community and labor market levels. Many of the technical services necessary for effective mapower development and utilization are already available. The efficient use of these services is thwarted, however, by the fact that they are too often provided on a piecemeal basis that overlooks the close interrelationships among the component parts of a manpower program. Under the circumstances, no single agency has been able to coordinate these services and bring them to bear in the interest of jobseekers and employers. Such coordination is particularly important when dealing with persons who lack job experience or who must overcome special handicaps in the labor market.

A major step can be taken to rectify this administrative deficiency by strengthening the Employment Service as a comprehensive manpower services center rather than a passive adjunct of the 'unemployment office." The 2,000 offices of the Employment Service constitutes an established network connecting all the important labor market areas of the Nation. Through these offices, jobseekers who need help should be able to obtain the testing, indepth counseling, and current information that are essential parts of the job placement process. Moreover, the Employment Service should be the main governmental link between the diagnosis of deficiencies that impair an individual's employability and referral to the various government or private programs for training and rehabilitation.

In this framework, the placement function remains the key objective in the operations of the Employment Service. But now, it will be part of a systematic effort at manpower development rather than the primary concern of a labor exchange. The development of a comprehensive manpower services center can provide a powerful antidote to the casual, "one-shot" placement psychology that has frequently characterized the Employment Service in the past.

TASKS OF THE EMPLOYMENT SERVICE

The potential contribution of the Employment Service to the operation of the labor market and national economic programs is revealed by an examination of its specific responsibiliites. These responsibilities have been assigned by various statutes, Executive Orders, and interagency agreements. The major challenge at this time is to achieve statutory and administrative recognition of the close interrelationships of the varied tasks of the Employment Service and to weave them together into a coordinated program of manpower services.

The tasks of the Employment Service may be clasified as follows:

1. The maintenance of an active placement service for all workers and employers desiring assistance. This function involves developing better relations with employers, both large and small, to exchange information and to understand better their manpower requirements. Certain employers may need special help in recruiting, screening, and matching job applicants with their manpower requirements.

2. The collection and dissemination of information concerning present and future trends in the labor market and in the quality of the labor force. This information is derived from research initiated by other public or private agencies and by the Employment Service itself.

3. The improvement of employment counseling and testing services to help individual jobseekers make intelligent decisions concerning occupational choices. The counselors of the Employment Service have not only an economic and social function, but also one that can be described as diplomatic. The psychological impression they create on their clients will determine in large measure the usefulness of the Service.

4. The provisions of special counseling, job development, and placement services for young inexperienced persons; members of racial and ethnic minority groups, including Indians; older workers; the physically handicapped; the mentally retarded and mentally restored; Selective Service rejectees; released prisoners; veterans, and other jobseekers whose capabilities may not be fully utilized in the labor market.

5. Active participation in support of the planning of various economic and educational programs involving important manpower questions, such as vocational education, community and regional development, emergency mobilization, occupational training, and rural development. In providing this planning support, the Employment Service has a special responsibility for working closely with educational institutions so that school administrators and counselors themselves may do a more effective job of adjusting those parts of educational programs that bear upon labor market requirements.

6. The rendering of technical assistance and administrative support to other Government agencies that are concerned with the employment process and manpower utilization, such as the Office of Economic Opportunity, Council of Economic Advisers, the Bureau of Apprenticeship and Training, the Neighborhood Youth Corps, the Department of Defense, and public welfare agencies at State and local levels.

7. The certification of geographical areas for Federal assistance under various statutes and Executive Orders, such as the Public Works and Economic Development Act of 1965.

8. The maintenance of standards and obligations involved in the administration of the Federal immigration laws, the unemployment insurance system, the Executive Orders banning racial and age discrimination by Government contractors, and related laws and directives.

THE EMPLOYMENT SERVICE AND PLURALISM IN THE JOB MARKET

This specification of the functions and needs of the Employment Service does not mean that it is, or should be, the dominant manpower agency in the economy. To the contrary, the importance of the Employment Service stems from the fact that, in carrying out its responsibilities and functions, it interlocks with a diversity of public and private institutions. We recognize that a majority of jobseekers and employers are usually able to satisfy their needs through reliance on other labor market channels. Jobseekers may be able to make an intelligent choice based on information provided by friends and other informal sources. Employers may be able to recruit a satisfactory work force from the flow of applicants to the firm. In addition, both employees and employers will make significant investments in the development of new skills for a variety of economic and noneconomic reasons.

These informal processes are supplemented by a network of private labor market intermediaries. Unions organize the dissemination of information and the placement process in various occupational and industrial sectors. Private employment agencies are active in the placement of jobseekers, particularly those in the more skilled or specialized occupational categories. Many nonprofit organizations render important services for jobseekers who face special difficulties in the labor market.

Recognition of this pluralism in the employment process in the United States helps to define, rather than rigidly constrict, the role of the public Employment Service system. By supporting and supplementing existing arrangements, the Employment Service can and does make a vital contribution to the efficient operation of the labor market and national manpower development. Thus, the information provided by the Employment Service will benefit jobseekers, employers, and private agencies alike. In addition, by offering a wide range of services, the Employment Service can stimulate higher standards of performance on the part of other intermediaries that are active in the labor market. And most important, in a Nation whose level of economic development permits it to contemplate an end to poverty, the Employment Service can render special aid to those individuals who have not been able to benefit from other labor market processes.

EQUAL OPPORTUNITY AND THE EMPLOYMENT SERVICE

The Employment Service has an obvious and important role to play in the achievement of a society where all workers have equal opportunities to compare effectively in building and selling their skills.

The concept of "equal opportunity" must apply in the first instance to the operations and personnel administration of the Employment Service itself. It is not sufficient, however, merely to reaffirm existing laws and policies as they relate to this agency. Instead, Employment Service personnel at every level must make a positive effort to understand and to cope with the special problems that confront members of racial minorities in the labor market. In addition, particular diligence should be exercised in helping these individuals to benefit from the various public and private programs that will enhance their employability. At the same time, the Employment Service can demonstrate its commitment to standards of equal opportunity by vigorously recruiting its own personnel from all groups of qualified persons.

TOWARD A NEW MANDATE

In the 32 years since the passage of the Wagner-Peyser Act, the Federal-State Employment Service has been asked to assume more and more of the responsibilities of a comprehensive manpower services center. This new role should now be affirmed and extended so that the Employment Service can respond to the changing economic environment with competence and imagination and so that the public will have a better understanding of this role. To achieve this objective, a variety of changes are recommended that will alter both existing concepts and administrative arrangements.

A Separate Employment Service

The recent addition of many new responsibilities has greatly modified the nature of the public Employment Service system. An examination of these responsibilities clearly indicates that the Employment Service is now a center for the administration of various manpower services rather than an adjunct to the unemployment insurance system.

However, the agency's effectiveness in assuming this expanded role has been limited by its close identification with the unemployment insurance system. Since 1935, the Federal-State offices have been charged with administering the eligibility test for unemployment benefits. While this has been, and remains, an important activity, its dominant position in the operations of the Employment Service had had several unfortunate consequences for the efficiency of the overall system.

LIMITATIONS CREATED BY INTEGRATION WITH THE UNEMPLOYMENT INSURANCE SYSTEM

Different personnel skills are required to operate a manpower services center from those needed for the administration of unemployment insurance laws. The latter essentially involves personnel well versed in the specific State unemployment insurance law, administrative rulings, and other details relevant to the effective administration of the program. In contrast, the provision of manpower services requires personnel who are expert in labor market organization and trends and who have considerable skill in aiding jobseekers to develop their full occupational capabilities. In addition, manpower personnel must be able to work closely with employers and to become familiar with their problems as well as with the needs of other agencies that are active in the labor market. To the extent that the unemployment insurance functions demand the attention of Employment Service personnel, they will tend to inhibit the development of satisfactory manpower services.

In addition, the emphasis on unemployment insurance has created a public image of the Employment Service that obscures other, more positive elements of its overall program. This "image" has influenced the attitudes of potential clients on both the supply and demand sides of the labor market. Thus, many jobseekers who could benefit greatly from the services offered by the Employment Service office are reluctant to use these facilities because of the stigma attached to the "unemployment office." Similarly, many employers have not taken advantage of the Employment Service because they have felt that the placement and manpower functions have occupied a subordinate position in the offices' operations.

Considerations such as these have already led the Employment Service to separate its activities from unemployment insurance in cities of 250,000 and over. Furthermore several States, notably Arizona and Wisconsin, have completely separated the administration of the Employment Service from the operations of unemployment insurance.

We believe that this process should be extended to all States and to the national office.

We recognize that the Employment Service will continue to play an important role in the administration of the unemployment insurance system. This is especially true as it relates to the work test. Close working relationships between the two services are required for effective administration of the work test aspects of the claims certification process. However, it is important that the Employment Service should be a separate, identifiable organization whose overriding interests lie in the area of manpower services. This means that, insofar as possible, administrative arrangements of the Employment Service should be separated from the administration of unemployment insurance, apart from the work test. To attain this objective, several steps should be taken.

RECOMMENDATIONS FOR A SEPARATE EMPLOYMENT SERVICE

1. *Administrative arrangements.*—Separate administrative arrangements should be established for unemployment insurance and the manpower functions of the Employment Service at the Federal, State, and local levels. Some measures already have been adopted to achieve this end, but they should be strengthened and extended. There should be different executives for the two activities and each should have his own staff and line of authority, though reporting to an administrative head of an overall agency. This separation also means that the Employment Service should formulate its own policies to govern the selection of personnel, salary administration, and training requirements, and, as discussed subsequently, be financed independently of the Federal Unemployment Tax Act. Although some individual differences may exist among the States, the Federal agency should formulate basic requirements for the clear-cut administrative separation of unemployment insurance and the Employment Service.

2. *Physical separation.*—A concerted effort should be made to provide physically separate facilities for the Employment Service and for the administration of unemployment insurance. Again, some steps have been taken in this direction, but they must be strongly augmented. The ultimate goal should be the physical separation of all Employment Service offices from all facilities responsible for unemployment insurance with reasonable proximity maintained so as to minimize the inconvenience to claimants and jobseekers. In the short run, these two activities may still be serviced from the same office in those cases where small offices in sparsely populated areas are involved. A long-run program should be adopted, however, for consolidating these small offices, where feasible, as a preliminary to the establishment of separate facilities for unemployment insurance and the Employment Service. It may be that wider geographical areas could then be served by a single Employment Service office through the use of mobile teams who visit particular communities on a regularly scheduled basis. In this manner, the Employment Service will avoid excessive duplication of facilities while also achieving the desired separation from the administration of unemployment insurance.

SCOPE OF SERVICE AND RELATIONS WITH OTHER GROUPS

The public employment agency shares its functions in the labor market with a diversity of individuals and organizations, including school counselors, voluntary agencies, unions, employers and private labor market agencies, and other governmental groups. In the past, however, relations between the Employment Service and other groups in the labor market have not been well defined or understood. As a result, opportunities have been lost for constructive cooperation among the interested parties. To clarify this situation, these guidelines are recommended:

1. *No arbitrary limits on clientele served.*—No arbitrary limits should be placed upon the classes of clientele that may be served by the public Employment Service. If it is to function as an effective general-purpose manpower agency, it must be able to serve energetically all people who seek assistance in finding jobs. Because of the dynamic characteristics of the labor market today, any rigid definition of jurisdiction would impair the effectiveness of the Employment Service and also would deny aid to workers and employers who could not be adequately served by other private or public agencies.

2. *Special services required.*—In some cases, special efforts may be called for to reach out to people in need of specialized services to improve their employability. These specialized services include:

(*a*) Identifying these persons and providing special counseling services in order to determine their rehabilitative needs;

(*b*) Developing plans commensurate with individual needs, such as referral to another agency for remedial education, to institutional training or on-the-job training;

(*c*) Seeking employment opportunities of a special kind to accommodate the capabilities of persons in this group;

(*d*) Providing supportive followup services while they are on the job until they develop self-confidence in the employment relationship.

3. *Need for flexibility and review.*—The absence of any fixed designation of the clientele of the Employment Service does not mean that it will serve all groups equally or at all times. Normally, the Employment Service should direct most of its resources to jobseekers who are unemployed or who have special handicaps in the labor market. Also, in some cases, it will withdraw from certain areas where its objectives have been realized or where it is determined that another public or private agency can do a more effective job. The contraction or expansion of the operations of the Employment Service, therefore, should arise not from narrow bureaucratic considerations, but from an appreciation of its basic mission in a changing labor market and economy. In this respect, useful recommendations can and should be made by the advisory and review committee suggested elsewhere in this report.

4. *Relationships with private groups.*—We urge the Employment Service to explore all possible ways to develop a more effective two-way flow of information and contacts with those private employment agencies which offer valuable services to workers and employers in particular labor markets and which adhere to professional standards in their own placement activities.

5. *Relationship with other Government groups.*—Recent Government programs for training, particularly of youth and low-income groups, have involved the establishment of separate placement agencies, creating excessive demands upon employers and uneconomic duplication of counseling and placement activities. While we recognize that special problems often require special treatment, we feel also that the implementation of all these programs requires effective coordination in dealing with both employers and jobseekers. The Employment Service has the potential, in view of its experience and facilities, to fulfill this coordinating role and it should equip itself to do so insofar as possible.

6. *Special contracting arrangements.*—There may be occasional special situations where it is appropriate for the Employment Service to contract out to other qualified agencies in the community for the provision of manpower services, such as special counseling, placement, or research activities. These agencies may possess specialized skills or special relations with certain clientele groups which make them better able to supply needed manpower services.

We therefore recommend that the Employment Service be given legislative authority to enter into contractual relations with nongovernment groups to supply specialized manpower services to certain clientele.

STRENGTHENING PERSONNEL IN THE FEDERAL-STATE EMPLOYMENT SERVICE SYSTEM

A critically important factor in strengthening the Employment Service is to improve the quality of personnel working in the system. While this has always been a problem, it has become more acute. The growing demands upon the Employment Service for comprehensive manpower services call for personnel with a more complex set of skills than previously required. To cite several examples: Employment Service counselors now select trainees for vocational training programs and work more intensively with the disadvantaged. Labor market analysts now have to provide more complete analyses of labor market conditions as a prerequisite for establishing training programs. Occupational analysts are more concerned with manpower requirements arising out of technological change. Local office managers are much more deeply involved in working with community groups to initiate and implement a variety of programs.

We believe that the needed improvement in the quality of personnel can be accomplished by (1) improving standards and raising salaries to attract and retain competent and qualified employees; (2) providing incentives for self-development through inservice and outservice training; and (3) enhancing employee advancement opportunities through facilitating movement among the States and between the States and the Federal Government. Changes in these areas should help make jobs in the Employment Service more attractive and provide the basis for more successful recruitment efforts.

EXISTING PROCEDURES FOR SALARY ADMINISTRATION

To put the problem of improving salaries into perspective, it is necessary to review briefly the existing method of salary administration. Under the Wagner-Peyser Act and title III of the Social Security Act, grants are made to the States for administration of public employment offices where the State's unemployment insurance law is in compliance with required administrative standards. Among these is the requirement that personnel standards on a merit basis be established and maintained. These requirements are promulgated by the Secretary of Labor and are identical with others issued by Federal agencies carrying out grant-in-aid programs.

Under the merit system, each State agency is required to establish and maintain a classification and compensation plan for all positions which are not exempt. The State has final authority for levels and rates of pay but must comply with the comparability policy of the Federal Bureau of Employment Security. This policy is primarily a fiscal control to assure that State Employment Service salaries are in line with comparable positions in other departments of State government.

PROBLEMS OF SALARY ADMINISTRATION

This policy has adversely affected the levels of salaries for professional jobs in the Employment Service. One major problem is to determine what positions in State employment are comparable. Aside from clerical and secretarial positions, the job duties of Employment Service personnel are not generally comparable with other State government jobs. More importantly, it has tied Employment Service salaries to low State salary levels in many States. Salary data from the Division of State Merit Systems in the Department of Health, Education, and Welfare, reports of the Personnel Management Committee of the Interstate Conference of Employment Security Agencies, and studies by the national office all attest eloquently that Employment Service salaries are generally low when compared with salaries presently being paid outside of State government for comparable jobs. For example, a sample survey in 31 States in 1963 showed that nearly a third of State Employment Service interviewers were paid less than $5,000 a year. Furthermore, the low salaries are undoubtedly an important factor in the high turnover rates and the inability of the Employment Service to recruit and hold its share of the better college graduates and other qualified applicants. Nearly a third of the sample of interviewers had less than 3 years of service. Low starting salaries for employment interviewers in the States account for this. By January 1965, these starting salaries were still $4,500 or less in half of the States.

RECOMMENDATIONS FOR IMPROVEMENT OF SALARY ADMINISTRATION

In light of these facts, it is strongly recommended that steps be taken to make salaries more attractive for qualified personnel and, hence, more competitive. Both the Secretary of Labor and the State agencies have responsibilities to work toward achieving better salaries for Employment Service personnel. The following steps are essential.

1. *Salary administration and personnel qualifications.*—The general principle recommended is that higher salaries for Employment Service professional jobs such as counselors, interviewers, and labor market analysts, should be commensurate with the qualifications and standards for these positions prescribed by the Secretary of Labor. Present incumbents in these positions should have an opportunity to receive higher salaries when, and if, they can satisfy the revised requirements. Federal funds for higher salaries would be made available to those States which meet the higher qualifications, higher salaries requirements. The general salary improvements which the States make periodically would continue to be recognized in determining the Federal grants to the States for personnel salaries.

The Secretary of Labor, according to a recent memorandum of the Office of the Solicitor, Department of Labor, has the authority to require the States to adopt minimum personnel qualifications for certain professional jobs in the Employment Service. On the basis of these new standards, the State agency would negotiate with either the Civil Service Commission or Merit System to revise salaries.

2. *Salary levels and comparable jobs.*—To assist the State agencies in these negotiations, the U.S. Employment Service must modify the policy of salary comparability for professional jobs to include other relevant factors, i.e., the salaries being paid for comparable jobs in the State, not only in the State government but also in other public and private employment as well. To emphasize the importance of adequate salaries for effective administration, the Wagner-Peyser Act should be amended to provide that salaries in the State Employment Service agencies be commensurate with those prevailing in the area for comparable jobs, especially in view of pending legislation, such as Senate bill S. 561. This bill specifically prohibits the use of Federal grants-in-aid for the payment of salaries "in excess of the regular salary standards applicable to State employees generally."

3. *Followup on improvements.*—If, after a period of 2 years, there has not been substantial and general implementation of these standards in a particular State, the Secretary of Labor would appoint a public review panel from among the members of the proposed national advisory and review committee to review the situation in the noncomplying State or States and report its findings to him. The Secretary could make the report public if he deemed necessary.

4. *Starting salaries for Federal trainees.*—Starting salaries should be raised, since the recruitment problem is related to the inadequate salaries being paid to Employment Service personnel. State salaries at the entry level are too low in many instances to make them attractive to young college graduates. To facilitate the recruitment of college graduates, and other qualified employees, the Federal Civil Service Commission should set up a classification entitled *Employment Service Trainee*, relating the number of eligibles to the changing requirements of the Employment Service program. The salary of the trainee, who will be a Federal employee, would be at the entry professional level, which in many instances would be higher than the prevailing salary in the States.

A well defined training program at the national and regional levels should be developed for these trainees. The Secretary of Labor should work out a cooperative relationship with the States to assign these trainees to State and local operations for a period of 2 years under the supervision and direction of the State Employment Service Director and paid by the national office. Afterwards, they will be reassigned in the national or regional office to a position commensurate with their ability and training, or, if preferred, they could transfer to the State if a mutually satisfactory arrangement could be worked out.

RECOMMENDATIONS FOR THE DEVELOPMENT OF HIGH QUALITY PERSONNEL

Related to the above recommendations on salary and higher qualifications is the provision of opportunities for self-development. The following are recommended:

1. *Training programs.*—To improve the quality of personnel at all levels, the Secretary of Labor should require that each State's annual plan of operation include a well developed training program, including provisions for orientation, inservice and outservice training, tuition refund, and educational leave. The curricula for these training programs should include, among other subjects, courses in race relations and community relations and should also provide the opportunity for first-hand experience in interracial situations.

The plan will thus include the various approaches to training activities which the particular State deems best suited to its needs. If the State does not include such a plan for its training activities, no funds would be made available for training of Employment Service personnel.

2. *Financing of training.*—As a possible guideline for underwriting the cost of this training, the Secretary of Labor will allocate to each State a certain percentage of its grant for training purposes. The Secretary of Labor will also retain a certain percentage of the total amount appropriated by the Congress for Employment Service operations to underwrite the cost of training carried on by the national office on a national or regional basis.

3. *Cooperation with colleges and universities.*—The Secretary of Labor should be authorized to make supporting grants to colleges and universities for development of appropriate curricula and training materials and for the establishment of regional training centers for Employment Service personnel. Currently, he does not have such authority. Present programs for training personnel in colleges and universities could then be utilized where appropriate.

4. *Budgets.*—The budget for Employment Service operations, which the Secretary of Labor submits to the Congress, should contain a line item with respect to training. This not only emphasizes the importance of training; it also underscores the congressional intent as to how the money is to be spent.

THE MOBILITY OF PERSONNEL

A third method of improving the quality of personnel in the Employment Service is to facilitate their mobility within the Federal-State system. Freedom of movement enhances long-term career opportunities. This is important to college-trained and other career-minded employees who want the opportunity to advance. Furthermore, facilitating mobility will enable the system to tap the reservoir of personnel qualified and experienced in the Federal-State program. The following are recommended:

1. *The Federal-State transfer of personnel.*—Provisions should be made for an employee in a State agency to be appointed to a Federal position if he has permanent status in the State agency which he acquired through competitive examination under a State Merit or Civil Service system approved by a Federal agency and if he passes such examination as the U.S. Civil Service Commission prescribes. A person so appointed may acquire a competitive status upon completion of a probationary period of 1 year. This suggestion has been discussed within the Department of Labor for several years and has the support of the Secretary of Labor and the U.S. Civil Service Commission.

2. *Movement of personnel among the States.*—The Secretary of Labor should be given legislative authority to develop a system permitting transfers of temporary leaves of absence for personnel to move among State agencies without loss in employment status, job protection rights, pension rights, and other accumulated benefits.

DEVELOPMENT AND DISSEMINATION OF LABOR MARKET INFORMATION

The intelligent formulation and implementation of national manpower policies requires current and comprehensive labor market and job information. The Employment Service has extremely important responsibilities in the collection, analysis, and dissemination of such information. In carrying out these functions, the Employment Service must consider both its own requirements and the needs of other agencies and organizations.

RESEARCH AND DATA COLLECTION

As a fundamental step, the Employment Service should be responsible for insuring the adequacy of existing labor market information. There is great need for a delineation of the responsibilities of the Employment Service, the Bureau of Labor Statistics, and other agencies of the Government with respect to the collection of labor market information. Considerable duplications of effort prevail and the public should not be burdened by requests from various agencies for similar information. The Secretary of Labor should take the lead in clarifying the assignment of responsibility for the collection of information about the labor market. Therefore, it is recommended that the following areas of authority be assigned to the Employment Service:

1. It should collect and analyze manpower information required for the efficient functioning of the public Employment Service and for the administration of other Federal programs dealing with manpower development and utilization. In many cases, this will mean gathering data already available from other government agencies. In other instances, the Employment Service may have to initiate the collection process itself.

2. It should be recognized as a major source for the development of information for occupational guidance, testing, and employment counseling, both for its own use in providing manpower services and for other users, public and private.

3. It should assist in efforts to strengthen community economic development activities.

4. It should be engaged in research which would facilitate manpower and labor force adjustments to automation and changing technology. To strengthen the research program, the Director of the national Employment Service should be given legislative authority to enter into contracts with universities and other institutions qualified to do research for the purposes of having them conduct specific studies related to the effective functioning of the Employment Service. Currently, he does not have such authority.

5. It should be given legislative authority to collect information from the Federal Government on job openings in governmental agencies and Government corporations.

6. It should also work closely with employers, especially Government contractors, to obtain specific information on job openings and their characteristics and to obtain advance notice of mass layoffs in order to facilitate workers' job adjustments.

7. It should make better use of the considerable data concerning job openings now available as a result of the normal operations of the Employment Service network. In the course of its placement activities, each local office compiles a current list of unfilled openings with respect to specific occupations and industrial sectors. To utilize this potentially valuable source of labor market information, each local office should forward a monthly statement and analysis of its unfilled job openings to the USES. The USES could then compile and periodically publish an analysis of these data as another indicator of the composition of the demand for labor. We recognize that these data do not lend themselves to the estimation of a national aggregate figure on job vacancies and they should not be misused for this purpose.

DISSEMINATION OF INFORMATION

When adequate labor market information is collected and analyzed, vigorous measures must be adopted to insure that it is widely disseminated in meaningful form to other public and private organizations with an interest in labor market trends. These organizations include schools, employers, unions, voluntary agencies, private employment agencies, and the Employment Service itself. Unfortunately, however, much of the information currently available has not been in a form that is usable by other organizations, and only limited arrangements have been made to communicate this information on a regular basis.

1. *Designation of labor market information officers.*—To remedy this deficiency, each metropolitan local office should have a staff member who will be designated as the labor market information officer (LMIO). Additional staff personnel should be provided as appropriate for local offices which serve large metropolitan areas, while the functions of the LMIO may be assigned as a collateral duty to the staff of an office in a smaller community or provided on an area basis.

2. *Functions of the labor market information officer.*—The principal duty of the LMIO should be to communicate on a regular basis with schools, employers, union, nonprofit organizations, private employment agencies, and other groups as appropriate, and to maintain the close contact with these organizations that will help develop quality manpower services. In the course of these communications, the LMIO can discuss with the organizations' representatives the relevant labor market information that is available through the Employment Service. At the same time, the LMIO should solicit suggestions concerning needed information that is not presently available and the best method for preparing the information so that it will have maximum utility for the user.

3. *Benefits from the use of labor market information officers.*—This approach would have several constructive consequences. First, it will promote a comprehensive flow of information from the Employment Service to the users. Second, the quality of the information can be improved through the suggestions of other organizations that have special requirements in the labor market. And third, the use of a labor market information officer would build better relationships between the Employment Service and other groups and help to create a positive "image" with the public at large.

4. *Information at work: The need for effective counseling.*—Comprehensive and current job market information, readily available, is essential for an effective counseling program. Knowledge about the contents of, and trends in,

occupations and industries in geographic areas is basic for reaching decisions for vocation choice, manpower training, or other related actions. The counselor has a key role in the translation of this information to effective actions. It is therefore imperative that Employment Service counselors develop a sound background and working knowledge of the various types of information necessary to provide guidance to jobseekers.

THE INTERAREA RECRUITMENT PROCEDURE

In order to retain its effectiveness, the public Employment Service must adjust the distribution and use of labor market information in its internal operations to the changing structure of the national labor market. In this respect, the increased importance of professional and skilled workers, the improvement of means of transportation, and the shift of industry have all served to expand the geographical scope of the labor market. Although the local labor market is still the primary unit for the matching of supply and demand, the market for many professional and technical occupations is now regional or national in scope.

In this manner, job openings in one area may be filled only by drawing on applicants with the necessary qualifications who currently reside in other sections of the country. The magnitude of the problem is indicated by a special survey carried out in July 1964, which revealed that the public Employment Service offices had 250,000 unfilled openings of which 45,000 were for professional and managerial jobs and 35,000 for other skilled classifications. A majority of these openings had remained unfilled for 15 days or more. To function effectively in these markets, the Employment Service must develop modern techniques for the communication of this labor market information among its operating units.

EXISTING INTERAREA RECRUITMENT PROCEDURES

To facilitate the matching of applicants and job openings among local labor markets the Employment Service has developed an interarea clearance procedure. However, this procedure is cumbersome and generally ineffective. As presently organized, it depends upon the initiative of the local office manager, who list unfilled jobs with a State clearance office. The State clearance officer then compiles the vacancies on a periodic basis and distributes this information to other State offices. Many of the local office managers are slow or reluctant to incorporate job openings into the interarea procedures, and even when the positions are listed, they are often "stale" by the time the information reaches other local offices. In addition, there is no parallel procedure for the listing of applicants who might be willing to move to take a new job.

RECOMMENDATIONS FOR AN IMPROVED INTERAREA RECRUITMENT PROCEDURE

In order to improve the operation of the interarea clearance procedure and the flow of information across local labor markets, the following steps should be taken:

1. *Establishment of multimarket recruitment centers.*—Multimarket clearance centers should be established throughout the public Employment Service system, and the centers themselves coordinated on a national basis. The exact number and location of these offices can be determined after an initial study and pilot project. In some cases, the boundaries of the regional interarea clearance office will include more than one administrative region of the Bureau of Employment Security, as presently constituted.

2. *Listings with multimarket recruitment centers.*—Each local office shall be required to list with the multimarket recruitment office all job vacancies in shortage occupations, as currently illustrated in the professional, technical, and managerial classification. This listing should be made after the opening has remained unfilled 15 days from the date it was listed with the local office. Initially, the new recruitment procedure should be limited to these classifications, since the existence of regional and national labor markets is most evident in these occupations.

Also, the local office shall be required to list with the multimarket requirement office the names of all applicants with professional, technical, and managerial qualifications who have remained unemployed for 30 days or more. In addition, any other applicants with skills and experience in these occupational areas may, at their own initiative, avail themselves of this procedure.

3. *Functions of the multimarket centers.*—The information on job openings and applicants supplied to the regional recruitment center can then be used to promote placement across local labor markets. In some cases, a local office may contact the regional center to determine if applicants are available for unfilled job openings in the local labor market. In other cases, the regional center on its own initiative, will notify the local office of the possible availability of qualified applicants in other areas or labor markets. At the same time, the regional center will inform the local office servicing the applicant of the availability of the job. The administrative responsibility for bringing the prospective employer and the applicant together within the framework of the multimarket recruitment procedure shall then be assumed by the local offices. The employer and the applicant can carry out the usual screening and interviewing procedures at their own discretion.

4. *Use of information technology.*—In order to develop an effective interarea recruitment procedure, it is necessary to have rapid and accurate methods for storing, analyzing, and retrieving information concerning job vacancies and potential applicants on a current basis. Further advances in automatic data processing and computer technology in the organization and operation of the interarea recruitment procedure should be given high priority by the Employment Service. Some exploratory efforts have already been undertaken, but they should be expedited within the framework of the new interarea recruitment procedures.

We recommend that the Secretary of Labor appoint a committee to study and suggest the best automatic data processing and computer approaches to handling this problem. The committee should consist of academic experts on electronic data processing and computer technology, Employment Service, business, and labor representatives. This committee should decide on a regional trial application, to be thoroughly tested and operated, before establishing an elaborate system. The existing LINCS system of the Employment Service provides a basic unit from which to start.

ADMINISTERING AND FINANCING THE SERVICE

In addition to changes in concept, personnel policies, and the use of labor market information, several other administrative aspects of the Employment Service have been examined which are important to the maintenance of an effective Employment Service. These include the budget process and financing, emergency planning, the establishment of an advisory and review committee, and related matters.

THE BUDGET PROCESS AND FINANCING

1. *Importance of budgetary controls.*—The process of making and carrying through a plan of operation and a financial budget plays a central part in the administration of any well run organization. This process involves thorough discussion among units as various levels in the organization so that general policies and local needs can be coordinated. It forces each administrative unit to develop objectives for the immediate future and to make these a part of plans for a longer time horizon. While putting emphasis on program objectives, it makes necessary the evaluation of these objectives in terms of the resources needed to achieve them and asks continually such questions as "How do the costs compare with the benefits of this undertaking?" "How central to other activities is the one under review?" "Are there ways to accomplish this aim in a more economical manner?" "What priorities should be established among objectives?"

The careful composition of budgets in the first instance is thus a constructive process. At the same time, it provides deeper and richer material for use by a reviewing group, such as the Congress, for purposes both of initial judgment about a proposed budget and of later examination on how well the estimates of various cost-benefit relationships have held up. In this manner, the budget process can be a continual source of planning and evaluation so essential to effective administration.

2. *Inadequacies of the existing budget process.*—The Employment Service has been moving, though gradually, toward a more effective budget process. In many of the States, however, this process has been the prisoner of relatively routine rules of thumb involving the counting of referrals and of estimating budget needs on a cost-per-referral basis. This approach is obsolete, as is recognized in policy at the national level. Placements, not referrals, are the central objective. Effective

placement activities in the short run result from effective programs that must be worked out on a longer term basis, and which are interrelated to the central objective. The quality of the labor market and job information, counseling, and interarea recruitment services and the relationship between employment opportunities and educational and training activities in the community all affect placement activities.

3. *A new approach required.*—The budget process should emphasize the programs to be undertaken, nationally, regionally, in the States, and at the local level. It should call for analysis of problems impeding full implementation of these programs and for remedial steps to correct them. It should involve a thorough reconciliation of local needs and general objectives. It should include careful and systematic methods of evaluation and review, so that the organization may learn from experience and continually improve its effectiveness.

We recommend that the budget process and its improvement be made a matter of first priority by the Employment Service and that its organization and arrangements for planning, review, and budgeting be made an important and well staffed part of the Director's office at the national and State levels.

4. *Financing the Service.*—The close relationship between the Employment Service and unemployment insurance has created certain limitations on the supporting financial arrangements. A basic deficiency is that the present reliance on financing through the Federal Unemployment Tax does not reflect the much broader functions and responsibilities that have been assigned to the Employment Service in recent years. This has meant that the availability of funds has not been directly responsive to the changing requirements of the Employment Service. Serious questions are also raised by the fact that a tax levied on employers' payrolls to finance the system of unemployment insurance is used to support other and broader activities as well.

Separate financial arrangements should be made for the administration of unemployment insurance and the manpower functions of the Employment Service. Currently, the Federal Unemployment Tax on employers' payrolls is the exclusive source of funds for the Employment Service, except for a few special appropriations made by Congress. An approximate estimate can be made of the cost of administering the work test aspects of unemployment insurance through the Employment Service. This cost should then be defrayed from the Federal Unemployment Tax Fund. The appropriations for the other manpower functions of the Employment Service should be financed from general tax revenues, as determined by Congress. By adopting this approach, Congress would be in a better position to determine the needs of the Employment Service and to evaluate the efficiency of its operations in the manpower field on a regular basis.

EMERGENCY PLANNING

In addition to establishing effective procedures for carrying out normal, day-to-day operations, the Employment Service should take the necessary steps to develop plans and techniques for handling emergency situations in the labor market. Unemployment resulting from large-scale layoffs, such as those arising from the cancellation of defense contracts or plant closings, and pockets of chronic unemployment may generate urgent problems for the community that cannot be dealt with by conventional programs. It would be preferable, of course, if the Employment Service had advance warning of impending emergencies in the labor market. Some measures have been taken to develop an "early warning system" for plant closings and related events, and we have earlier recommended additional effort in this direction; but perfect foresight cannot be expected of any agency, especially when its relationships with outside groups are on a voluntary basis.

RECOMMENDATIONS FOR EFFECTIVE EMERGENCY PLANNING

Consequently, the Employment Service should engage in systematic emergency planning as part of its on-going organization responsibilities. Such planning can be facilitated by the following steps:

1. *Establishment of an emergency planning unit.*—A unit should be established within the U.S. Employment Service with primary responsibility for emergency planning within the Employment Service system. This unit would collect and evaluate information concerning the possible occurrence of emergency situations in the labor market, develop prototype plans for handling different kinds of

emergency situations, and maintain continuing communications with key operating officials in other Government agencies and throughout the Federal-State network.

2. *Coordination with the regional offices.*—Each regional office of the Employment Service should appoint an official whose collateral duty is to keep informed of the plans and activities of the national emergency unit and to coordinate the emergency programs when they are undertaken in the region. This official would maintain effective communications with the administrators of the State Employment Service agencies and, from time to time, should convene regional conferences to inform the State agencies of the program of the national emergency unit and to obtain the benefits of the experience and points of view of these State administrators.

3. *Operating responsibility at the local level.*—Primary operating responsibility for the administration of emergency action programs should be retained by the local Employment Service office. It should be authorized to add professional personnel on a short-term, contract basis, if necessary. The local office will have the greatest familiarity with the "grass roots" situation and will continue to be on the scene long after the sense of urgency has diminished but before the problems that precipitated the emergency have been resolved. However, the national and regional officials should work closely with the local office to adapt the prototype plans to the special circumstances of the emergency and to insure that adequate resources are on hand to deal with each situation.

4. *Budget requirements.*—Clearly, the Employment Service cannot respond effectively to emergency situations without adequate funds earmarked for this purpose. Accordingly, there should be a line item in the annual budget of the USES for emergency planning and for use in implementing extraordinary programs that are beyond the normal resources of the local office of a State agency. As a first approximation, the amounts necessary for this purpose can be estimated from past experiences. The appropriation could then be adjusted in the light of subsequent experience and annual projections of labor market developments.

ADVISORY AND REVIEW COMMITTEE

The Wagner-Peyser Act provided for the establishment of a Federal Advisory Council for the Employment Service and for State advisory councils. The Federal Advisory Council, over the years, has concerned itself primarily with unemployment insurance matters. Where active, the State advisory councils likewise focused on similar matters. The role of the advisory committee, therefore, needs to be reexamined as to both its orientation and functions. We therefore recommend:

1. *Need for an advisory and review committee.*—A new advisory and review committee can play an important role in helping the Employment Service assess the range and focus of its activities and in development of its role in the labor market, especially as related to the functions performed by others. Just as the administration of the Service should be separated from that of the unemployment insurance system because of their basic differences in outlook and functions, so separate groups at both national and State levels should be established to give counsel and to serve in a review capacity.

2. *Composition of the advisory and review committee.*—The advisory and review committee should be small enough to gain coherence as a working group yet large enough so that a variety of special tasks could be undertaken on a panel-system basis. We recommend a committee of 12 to 15 members, appointed by the Secretary of Labor for terms of 4 years, staggered in such a way as to provide continuity of membership as old members drop out and new ones are added.

Membership should be drawn from the ranks of private citizens and should include men and women with expertise in the labor market and employment process. The members should be compensated for their services at the regular rate established for consultants to the Federal Government. Groups with an important stake in the operations of the labor market, such as employers, unions, and racial minorities should be represented.

3. *Functions of the national advisory and review committee.*—The work of the committee should be confined to issues of general policy, including areas of emphasis for the Employment Service, relationships with public and private groups, the adequacy of existing labor market information, emergency planning

and budgeting, personnel, and organizational matters. It should advise, as requested, with the Secretary of Labor and the Director of the Employment Service and report each year its assessment of the overall operation of the Service.

In addition, it should be empowered to undertake, on its own initiative or at the request of the Secretary, an investigation and analysis of particular problem areas or of issues about which it has received critical comments.

The committee should have a full-time staff director of high competence, with adequate secretarial assistance and a separate budget. His work should be considered a part of the Office of the Secretary of Labor.

The committee should meet in plenary session at least twice each year.

4. *Establishment of State advisory and review committees.*—The Governor of the State should appoint an advisory and review committee whose functions would parallel those of the national committee.

It should advise, as requested, with the Secretary of Labor and the Director of the Employment Service and report each year its assessment of the overall operation of the Service.

In addition, it should be empowered to undertake, on its own initiative or at the request of the Secretary, an investigation and analysis of particular problem areas or of issues about which it has received critical comments. The results of these analyses and any related recommendations should always be available to the Secretary and the Director and should be presented at a time of maximum usefulness for planning purposes. If the committee so chooses, its studies and reports should be a matter of public record and be included in full as appendices to the annual report of the Service.

As part of the process of evaluation and review, the public should have access to a comprehensive report of the Employment Service on a regular basis. Therefore, the following recommendations are made for the filing and publication of annual reports:

1. *Annual reports by the USES.*—The Director of the USES should be required to file an annual report at the end of the fiscal year to the Secretary of Labor which is an analysis of both the manpower services provided and the agency's internal operations, i.e., resources made available and how these resources were used. The report should include an analysis of developments and trends in the job market.

There should also be included in the President's Manpower Report an analysis of the manpower services provided by the Federal-State Employment Service system for the calendar year.

2. *Annual reports by State agencies.*—Each State Employment Service Director should be required to file an annual report at the end of the fiscal year to the national Employment Service Director which includes and analysis of both manpower services provided and the agency's internal operations, i.e. resources made available and how these resources were used. This report should take the form of an annual State manpower report.

THE EMPLOYMENT SERVICE TASK FORCE

Dr. George P. Shultz, Dean of the Graduate School of Business of the University of Chicago, *Chairman.*

Professor Arnold R. Weber, Graduate School of Business, University of Chicago, *Vice Chairman.*

Dr. John R. Coleman, Ford Foundation.

Mr. Frederick C. Fischer, Senior Vice President, Personnel, Macy's, New York.

Rev. Cameron Hall, Director, Commission on Church and Economic Life, National Council of Churches of Christ.

Dr. Vivian W. Henderson, President, Clark College.

Mr. John H. Lyons, President, International Association of Bridge, Structural and Ornamental Iron Workers.

Mr. Charles M. Mason, Senior Vice President, Personnel, United Airlines.

Mrs. Agnes E. Meyer.

Professor Charles A. Myers, Industrial Relations Section, Massachusetts Institute of Technology.

Mr. Mahlon T. Puryear, Deputy Director, National Urban League.

Mr. Howard J. Samuels, Vice President, Mobil Chemical Co.

Mr. Percy H. Steele, Jr., Chairman, National Council of Public Welfare Board Members, American Public Welfare Association.

Mr. Leonard Woodcock, Vice President, United Automobile Workers.
Dr. Daniel H. Kruger, School of Labor and Industrial Relations, Michigan State University, *Executive Secretary*.

PRESS CONFERENCE OF THE HONORABLE W. WILLARD WIRTZ, SECRETARY OF LABOR, WEDNESDAY, DECEMBER 29, 1965, U.S. DEPARTMENT OF LABOR, WASHINGTON, D.C.

Secretary Wirtz: Good morning.

The principal point this morning is to give to you and to discuss with you this Report of the Employment Service Task Force. There are with me at the table Dean George Shultz from the University of Chicago, and Professor Arnold Weber, who were respectively the chairman and the vice chairman of this Task Force, and Stanley Ruttenberg, the Manpower Administrator, and Bob Goodwin, Director of the Bureau of Employment Security.

I would like to talk with you just a little informally about this report first and about the Task Force.

About 3 months ago, I asked a group of 15 public citizens, some of them from industry, some of them from labor, and some of them with neither identification, to take a look at the Employment Service in its operational aspects, to ask us any questions that they wanted about it, to go into it without any restraints at all upon them, and to give us the best possible advice they could about what ought to be done as far as the administration of the Employment Service is concerned.

It was originally contemplated that this would be a private report, which I would use simply for the purpose of making whatever suggestions, recommendations, and changes that ought to be made.

As a matter of fact, the Task Force spent almost a solid 2 months on it, and came up with a unanimous report, which has seemed to me to be of such moment and significance that it ought to be handled differently from the way we originally anticipated. It is therefore being released. It is unanimous in every respect.

The membership of the panel is one which, by its affiliation, might have suggested the unlikelihood of a unanimous report, but, by the stature of its members, promised that possibility.

They have dealt with a number of what we have considered in the past to be quite controversial items with respect to the administration of the Employment Service. They have dealt with them in a blunt fashion, as far as pointing out some shortcomings are concerned. They have dealt with them specifically, as far as their recommendations go. And some of them, you will realize, cut quite deep.

This is, in a sense, a matter of housekeeping, a matter of administration. It lacks some of the dramatic qualities which would go into a broad policy recommendation of one kind or another. On the other hand, I point out to you that the Wagner-Peyser Act, under which the Federal State Employment Service operates, was passed in 1933. There has been little or no change since that time as far as the legislation is concerned. It is our view that it is high time that consideration be given to the making of legislative changes in it; and furthermore, that there are things which can and should be done administratively.

This report, particularly because of the unanimity of its recommendations, will be an admirable basis for moving ahead with that.

I am asking Mr. Ruttenberg to advise me immediately, or as quickly as possible, about the changes that can be made administratively on the basis of these recommendations. I am transmitting copies of it to the various State administrators asking them for their comments. I expect to use it as part of the basis for discussion of legislative changes.

Now, with respect to the points in the report, I will outline them very briefly, and then whatever questions you have can be directed either to me, or to Mr. Shultz or to Mr. Weber, or to Mr. Ruttenberg, or Mr. Goodwin.

Centrally, the report emphasizes the necessity of the Employment Service being at this point, in the language of the report, "a comprehensive manpower services center" rather than the simple labor exchange which was, some 33 years ago, enough to meet the demands on this agency and service. There have been added recently a number of duties which involve the development of an active and affirmative manpower program.

The Task Force recommends, among other things, a complete separation of the Employment Service and the unemployment insurance functions, separate even to the point of separate financing. It recommends that there be carried out across the country the administrative changes which have already been adopted in a few of the States in that respect.

The report emphasizes very strongly the need for strengthening the personnel of the Employment Service throughout the country, directing attention especially at the salary levels which now obtain, pointing out that they are below professional standards, whereas the new duties which devolve upon the Employment Service obviously call for a much more highly trained kind of personnel.

They make recommendations for training programs, for a combination of Federal and State training, in addition to substantial raising of salaries, as far as the personnel is concerned.

The Task Force members faced very squarely the fact of the difficulties which have developed of relationship between the Employment Service and some private and some other public agencies in this area, difficulties of working out a distribution as well as a coordination of functions, and the Task Force emphasizes strongly the necessity of further attention to that relationship. They point to a number of other matters.

One of particular moment and concern is the matter of developing fuller labor market—to use their phrase—labor market information than we presently have, a point of increasing significance as there develop some skill shortages in the economy and additional work opportunities.

They point to the need for interstate procedures of one kind or another.

Today the Employment Service is handled principally, as far as the operational activities are concerned, by the 2,000 local offices, and we realize that there has been too little interoffice, intrastate, and interstate clearance of some of the job orders and some of the requests for work. In connection with this suggestion for interstate procedures, the Task Force recommends a very careful consideration, through another committee, of the possibilities of the use of automatic data processing computer technology.

There was strong emphasis in the report on the essential need to make the Employment Service a focal point in the development of equal opportunity without regard to race or anything of that kind.

In what is perhaps one of the least dramatic and, at the same time, perhaps most important administrative recommendations, the Task Force suggests that there should be development of budgetary processes and controls which will be essential to the development of the new kind of function which we are talking about. They emphasize the need of much more effective emergency planning operations and functions in the procedures in the Employment Service to meet those situations where a large plant closes, or something of that kind. They recommend setting up separate advisory and review committees in the various States for the employment function, and also a separate advisory and review committee as far as the administration of the U.S. Employment Service is concerned. They suggest that there should be more meaningful use made of the requirements for annual reports by the USES and the State agencies.

May I just add this, in general—two things.

One: It seems to me that this report in its broadest sense exercises a very important function of bringing our attention back again to what it has got to be, the central manpower function, especially at a time of this kind. We have become very much interested in the programs of various kinds, the manpower development and training program, the various poverty programs, the work experience programs, the Job Corps, the Neighborhood Youth Corps, the vocational education program, and others. Important as these are, the one essential aswer to unemployment or to poverty is obviously putting a person in a permanent job, and with the economy going at the rate it is now, with job opportunities developing at the rate they are now, it is obvious that the first thing we have got to do, the most important thing to do in meeting both unemployment and poverty, is to be sure that every open job is filled just as rapidly as it possibly can be done.

I want to take this opportunity to express a very real debt of gratitude to the members of this Task Force for what they have done. I would like to call particular attention to the untiring efforts of Dean Shultz and Professor Weber and the executive secretary, Dan Kruger, who have among them guided this program to its present, I think, quite successful completion.

It is in complete sincerity that I say to you that I suspect that the recommendation of this Task Force may well prove to be the most important development in this area since the enactment of the Wagner-Peyser Act. There has been an accumulation of change over the years. There has also been an accumulation of need for more drastic change. I see this report, particularly because of its unanimity, as holding forth real promise that that change, that larger change, will now be forthcoming.

George, is there anything you would like to say?

Dr. Shultz: No; you have hit the highlights very well.

I would like to express appreciation, from the standpoint of the Task Force, for the very fine cooperation we have received from the Employment Service and the Bureau of Employment Security, the Department of Labor, and other areas of Government. We have asked them for all sorts of information, and they have certainly supplied it, and we are very grateful for that.

Secretary Wirtz: Thank you.

All right, gentlemen and ladies.

Question: Mr. Secretary, could you explain how, if all of these recommendations are adopted, they are going to affect the ordinary guy out looking for a job? Could you put it on a one-person or on a three-person basis?

Secretary Wirtz: It would seem to me most likely to have these effects. First, and really behind your question, there is a strong suggestion here that some of the present unemployment problems require our reaching out to find them and to meet them. As the unemployment figure gets lower, the remaining cases include a larger number of people who require some particular kind of attention, starting with a reaching out to find them and to find their problem.

The Task Force recommends a much stronger emphasis on counseling and testing. Where before an individual was served only as he came into the office, said that he wanted a job, and then received more or less routine information, the suggestion of the Task Force is that he must be served in the future, first, by going more than half way to meet him and his problem; second, by supplying a large degree of counseling and testing, professional help of one kind or another; third, by considering with him not only the jobs in that particular area, but also jobs which may be open in other areas for which he would be qualified.

George, are there other differences that should be added?

Dr. Shultz: No. I think if you say the "ordinary guy," it is important to recognize the ordinary guy is many different kinds of people. He may be a highly skilled person who doesn't have any great difficulty in getting a job, but would like to find out about the variety of jobs that are available, and we would hope that the Employment Service could do a better and better job for him. The employer has needs that the Employment Service can serve in this area. There is the person who needs to be reached out for. So there is a diversity of ordinary guys or ordinary gals, and the Employment Service needs to be ready to serve this diversity.

Secretary Wirtz: Thank you.

Question: Mr. Secretary, this program would probably double the cost of the USES. Have you any indication, in these days of tight budgets, that additional funds could become available?

Secretary Wirtz: There would, first, be some question about the premise from which you proceed. I am not sure it would double the cost. Pretty clearly, it would increase the cost.

I assume the first line of answer to that problem would be to try to change the emphasis of the present program so that economies could be achieved in connection with some functions which have been performed and those used, then, to meet the new needs.

The Task Force, quite clearly, recommends the financing of the agency, or at least part of the agency, from general funds, whereas before, or whereas up to now, it has been financed almost entirely from the tax on the employers; and I assume that part of the answer of the Task Force to that question would be to rely on the general funds.

I also call attention to the fact that, in the unemployment insurance legislation presently pending before the Congress, there is the recommendation for an increase in the base on which this tax is computed. The enactment of that legislation, I would expect, would mean that there would be a larger amount of money in the so-called trust fund from which changes and improvements of this kind could be financed.

Question: Mr. Secretary, does it seem that these recommendations would increase the emphasis of the Federal part of this program and deemphasize that of the States or not?

Secretary Wirtz: No, I do not think that there is the contemplation of a larger emphasis on the federalization and a diminishing emphasis on the State function.

I think that there would be perhaps an equal number of recommendations here involving the strengthening of the Federal and the State programs.

I interpret the report—but would invite George's oral comments on it—I interpret it as being deliberately put substantially within the present pattern of Federal-State relationships. Now, there are some details in which there would be a larger interplay of the functions of the two.

I think particularly of your recommendation that there ought to be trainees hired by the Federal service made available to the State service, and there would be an interchange of that kind.

I understand some of these recommendations as involving the exercise of perhaps a stronger voice as far as personnel policies, and so forth, are concerned on the part of the Federal service. But I understand it to be significantly within the present pattern.

Is that right?

Dr. Shultz: That is right. I think one has to realize that when this average guy that you asked about a minute ago goes somewhere, he goes to a local office in a community some place, and that is sort of the starting point. On the one hand, our feeling in the Task Force was very strong that the rates of pay, the training arrangements, the managerial development aspects, you might say, of the Employment Service were not nearly as good as they could be and should be, and we would hope for some strong work and leadership from the Federal Government in bringing these things along. And there are some other areas, I think, that call for a broader scope in this Employment Service function.

We have a recommendation for what we have called multimarket centers, which would spread across States. As we all know, there are occupations in which the employment process is a regional one or a national one, and not just a particular community one.

Question: Are you saying, sir, that the Employment Service needs an employment service in a sense?

Dr. Shultz: Well, the Employment Services needs to be able to operate well in a particular locality, but also to coordinate activities across localities.

Secretary Wirtz: I understand you to say that the Employment Service needs an improved personnel department.

Dr. Shultz: Yes.

Question: Mr. Secretary, if listings are provided for local jobs in other parts of the country, who is going to pay the unemployed's way across the country?

Secretary Wirtz: Stanley, would you care to comment on the extent to which that might be done under the present legislation?

Mr. Ruttenberg: There are provisions under the Manpower Development and Training Act now that permit experimentation work to go on in relocation of workers from one are to another. There is not a full-fledged Government program in this area, but the Congress has asked the Department of Labor, in the Manpower Development and Training Act, to experiment with various techniques and methods and make recommendations to the Congress. And we are not scheduled to do that until the next fiscal year because we are still in the experimental stages, but eventually there will probably be some form of a Government program. But yet, many private corporations, if workers are made available to them, frequently are quite willing to pay their own expenses. For example, the aircraft companies are now doing that to attract people out to the west coast and paying their own transporation allowances, once the Employment Service helps assign the individual workers.

Secretary Wirtz: There would presently be statutory provisions in the Trade Expansion Act and in the Canadian automotive parts provisions, where there is a move, as a result of job curtailment resulting from imports, either in general or in the Canadian automotive parts provisions. Under the application of this law, there would be statutory provisions. Those are the only ones, except for the experimental program.

Question: Mr. Secretary, would you anticipate sending specific legislative proposals on these for 1966?

Secretary Wirtz: The Task Force contemplates specific legislative proposals, and if the question is whether we would contemplate that, we surely would.

Question: In 1966?

Secretary Wirtz: That is correct, in terms of the question, but we would have to add to that. I am in no position to know what would become of that contemplation, but we are very much concerned about the matter.

Question: Mr. Secretary, do you have any indication as to how much individual manpower would be needed if all these recommendations were to be carried out?

Secretary Wirtz: Did the Task Force go into that?

Dr. Shultz: We have asked—going back to your question about costs and manpower—that some estimates be made along these lines, and we tried to think about it somewhat as best we could.

My feeling is that what we are talking about here is an effort to administer things better, and that the needs for—we are not talking about huge additions to manpower, huge additions to cost, or anything of that kind. We are talking about a better job of administering programs that are here and are established and need to be administered well if they are going to be effective.

Secretary Wirtz: Bob, would you be in a position to translate these recommendations into personnel?

Mr. Goodwin: No. I think the point that Mr. Shultz made is very important. There is a tremendous area where improvement can be made within existing resources. Some of this will cost more money because we are trying to get better people, and if you get better people you have to pay better salaries, generally.

One of the recommendations goes to the point you made, Mr. Secretary, which really is dealing more with individual problems, the outreach function, which we have been expanding to some extent and which this recommends be carried a good deal further. This kind of an operation will cost some additional amounts of money, but we have not yet come up with any estimates on that.

Secretary Wirtz: I should make it clear that we are talking about what is presently a group of about 25,000 people in the various States who are working in this area, so we have a considerable group to work with.

Question: It was suggested recently by Congressman Powell that the Manpower Administration be transferred to the Office of Economic Opportunity. Did the Task Force consider this, and does it have an opinion on that?

Dr. Shultz: I think the Task Force thought a lot about the importance of having coordination of various governmental activities in the manpower services area in a particular community, and our feeling is that the Employment Service is an established unit that has offices all through the country and is well equipped to perform this coordinating role, and we urge that the Employment Service do that, that it equip itself with the ability to gather the information that is needed, that it have counselors who can do a good kind of job, and who can provide services to private individuals and other governmental agencies that are trying to administer programs of one kind or another. But I think there is a need for some coordination here, and we would hope the Employment Service could perform that function.

Question: Mr. Secretary, you mentioned that there was conflict in the Employment Service and private agencies also in this field. What were the recommendations on solving this?

Secretary Wirtz: I don't think I said "conflict," I think I said "difficulty," that there are still difficulties in the working arrangements or relationships among all of them. The one that came first to my mind as I remembered the committee's report was the one involving the relationships of the public employment offices to the private employment agencies.

I was very much interested in the Task Force recommendation, if I understand it, that we ought to make all the information that we have available to the private agencies, if there is occasion for it, that we should consider contracting out certain parts of the job to other places, and, I suppose basically and most significant, I find here a reminder that our relationships are still incomplete with the employers themselves. It would seem to me that the most important relationship is the relationship between the Employment Service and the employers. We have not developed that in this country to the extent it has been developed in other countries. In the western European countries, there is a well developed program involving advice, if you will, advice to the employment agencies of any expected major job developments on the part of any private company. We have not developed that fully here.

The Task Force recommends that we move in that direction, and also recommends that we do a much better job within the Government itself so that we will be fully advised in the employment offices of any changes as far as the procurement programs are concerned.

I think this matter of better working relationships between the Employment Service and private employers is a central matter and in which there can be a good deal of improvement, and will be. This is probably tied in with the

Task Force's pointing out the need for a separation of the services. They point out that the image of the Employment Service was, and still is, to some extent, such that the lesser qualified workers would come there, those who are looking for unemployment insurance, in most cases.

I think part of your point is to improve that image as a basis of improved relationships with the private employers.

Is there anything to be added?

Dr. Shultz: Just one note. There are many private, nonprofit organizations—an example is the Urban League—who can do a very fine job in this area. We would hope to see better and better relationships between this type of private group and the Employment Service, and to see the Employment Service be of service to this group, in addition to individuals.

Question: This does not contemplate making this information available to private employment agencies?

Dr. Shultz: Yes, I think the notion is that it would.

Question: What would happen to the fees that these agencies usually charge? Would the Federal Government pay those?

Dr. Shultz: No.

Question: You would be giving public information to a private agency, who would then charge a man a fee to get him a job?

Dr. Shultz: Well, a person can come to the public employment agency and get information, and we think that information about labor market conditions in a particular locality, what the people who have studied the outlook for various occupations and industries and so forth find, a wide range of information, should be available to interested people who want to get it.

Dr. Weber: But George, to clarify the issue, I don't think we had in mind citing specific job vacancy information to the private agency.

Dr. Shultz: Or sending applicants.

Dr. Weber: But a wide range of material that would improve the function of private agencies.

Secretary Wirtz: Wouldn't that be particularly true as we develop more and more information about what the job situation in general is? That is the kind of information that it seems to me ought to be made available.

Question: Mr. Secretary, you mentioned the proposal of separating the Employment Service from the unemployment insurance program. This relationship, of course, has to be maintained. How does the Task Force propose that relationship in this area?

Dr. Shultz: Well, the Employment Service, we feel in the Task Force, should certainly continue its role of helping people drawing unemployment insurance to find jobs and in administering the so-called work test and seeing that the people are genuinely available for work. That has been a function the Employment Service has performed, and we feel it should continue to perform that function.

The main point, I think, is that doing that is only a part of the task that we see the Employment Service as performing, and rather than being sort of the dominant task and setting the tone of the Employment Service, we think these broader jobs that the Secretary has referred to should be the main thrust and sort of set the tone of the Employment Service operation. But certainly, I think the Task Force contemplates—you can read the strong language about that in the report—that the Employment Service would continue to function cooperatively with the unemployment insurance system in administering the work test and helping people drawing unemployment insurance to find work.

Question: One of the safeguards against abuses of unemployment insurance has been the Employment Service, and where jobs have been refused by applicants, they were dropped.

Dr. Shultz: That is right.

Question: Would this be operated also under the new program?

Secretary Wirtz: It is specifically contemplated in the report.

Dr. Shultz: Yes, and I think the better able the Employment Service is to be an effective manpower services center in a community, the better job, along the lines of your question, it is going to be able to do.

Question: Mr. Secretary, some months ago you said that you were considering requiring racial identification in these employment offices. Is that still an active consideration?

Secretary Wirtz: I would count this question still within this area, and the answer is yes, it is still a matter of active consideration, and it has not been implemented simply because of competing demands on time.

Question: You spoke, a while ago, of reaching out and going more than half way to meet the personal needs of the job. Specifically, what do you have in mind in doing that?

Secretary Wirtz: I can answer first in statistical terms. There are just becoming available fairly complete figures on this matter of nonparticipation in the work force, and we are finding, just illustratively—and I think these figures are approximately correct—that there are something like 300,000 to 400,000 more people not participating in the work force today, and I am talking about males only, the figures are very hard to come by as far as the women are concerned, than was true in 1953. It is a very complicated figure. I don't know how we are going to get over the semantics of it. But if there was the same degree of participation by adult males in the work force today as there was—this is in relation to the total population—in 1953, there would be 300,000 more people in the work force than there are now. This means for one reason or another this group is not participating to the extent it did before. So there is very significant factor in the human resources supply program which is suggested statistically this way.

Let me go beyond that to answer in more individualized terms. The worst unemployment cases in the country today are probably not included in the technical unemployment figures. They include, for example, and specifically, the boy standing on the street corner, a dropout from school who tried for a while to get work, has given up, and now isn't even trying. And there are more of these than we would like to admit or recognize.

I have a feeling, which I cannot support statistically, that there is some place between a quarter of a million and half a million 16 to 24 year olds who have given up looking for work, with perhaps a high concentration among the nonwhite groups. They do not appear in our figures because the unemployment figure covers only those who are actively looking for work. These are cases which we have got to reach out for: we have got to go into the neighborhoods. We are doing it. We are setting up youth opportunity centers in those parts of town in which this problem is most acute. The Office of Economic Opportunity is setting up centers in—I believe they call them neighborhood centers—in one place or another, and the most specific illustration of what we are doing lies in those two developments, the youth opportunity centers and the neighborhood centers set up in these areas. And specifically, I repeat, I suspect that there are between a quarter of a million and a half million 16 to 24 year olds who have given up, and it is just good business for us to reach out and meet those problems.

Question: You envision just sort of doing more of that, or do you have in mind some new sort of programs?

Secretary Wirtz: Well, "new" in the sense that these are all developments of the last year or two. There had been emerging in the Employment Service specialized services for older people, for younger people, for non-white people, for disadvantaged people of one kind of or another. So it is not new in principle, but in terms of actually doing something about it, it is quite new, and it is only within the last year that these institutions, these youth opportunity centers and the neighborhood youth centers, have been set up nothing new in principle.

I would guess that, again, the practical hard answer to that is the undramatic one. If we can get highly professionalized people into these offices, and if we can put their budgeting on a basis which takes account not just of the number of referrals but of the difficulty of the cases, I think we will see, in undramatic but very hard terms, quite an increase in this program.

Question: You spoke also of the idea of coordinating the Federal activities dealing with manpower. Would you carry this so far as to say that all of the manpower programs ought to be over here in the Labor Department?

Secretary Wirtz: All of the manpower programs?

Question: I mean, like the poverty programs, the neighborhood youth centers.

Secretary Wirtz: No, I would not say that. There are quite a variety of things. I am not sure about the question. Your question would include the Job Corps, Neighborhood Youth Corps, all these other programs? No, I am not suggesting that. I think probably as time goes on there would be some further development in the distribution of those functions. What I am suggesting more particularly and specifically is that recruitment, for example, for the Neighborhood Youth Corps, the Job Corps, the Manpower Development and Training Act programs, should be done through the Employment Service offices, and furthermore, that the placement of the graduates or alumnae of these programs should be principally through the Employment Service offices. I think it would be a mistake if there are a number of government agencies approaching the employers.

Question: The recruiting of kids into the Job Corps?

Secretary Wirtz: That is correct. That is being done now.

Question: Or placement after they are through?

Secretary Wirtz: Both.

Question: They will be handled here?

Secretary Wirtz: They are now, pretty much. We are doing all of the recruiting for the Job Corps as well as the Neighborhood Youth Corps. There is not that complete degree of integration of operation yet as far as all the programs are concerned. Our most immediate concern, and one that is shared by all agencies, is that as far as employment is concerned, once these programs are finished, that can be coordinated and organized. Right now that is less well developed than the recruitment. We are working on it now. This will not be new in principle, but there is a lot to be done, and I think all of us involved in the program would agree it is one of the top programs.

Question: Mr. Secretary, because of this report, are you contemplating asking for a larger increase in the Federal tax than the amount in H.R. 8282, which I think is only 15/100 of 1 percent, isn't it? Is an increase proposed?

Secretary Wirtz: The answer to your question is no, we are not contemplating asking for a larger increase in the tax. I point again to the fact that the most material point here would be the increase in the base. If the base, the earnings base, on which that tax is figured is enlarged, it would very substantially increase the amount of the so-called trust fund.

Question: Dean Shultz, do you contemplate that a significant portion of the Employment Service would be devoted to helping people who are employed in low-paying, deadend jobs to find either other opportunities they can qualify for or guide them into training to improve their employability?

Dr. Shultz: We would certainly contemplate that the Employment Service should be able to help those people, when they come into the Employment Service, to tell them about other jobs, to tell them about training opportunities, and to help them improve themselves, certainly.

Question: If I understood you, Mr. Secretary, you were also talking about expanding this service into, we will say, more professional type jobs, technical jobs, that sort of thing?

Secretary Wirtz: That is a different question. My earlier comment was on the character of the personnel of the Service itself. I think there is a recommendation that touches on this other matter. I believe there is a suggestion here that there be no limitation of the clientele of the agency, and I assume that goes to this question.

Dr. Shultz: On the other hand, I don't think that means that the Employment Service has to do everything. There are many areas that are being served very well where people are getting along fine, and while the Employment Service ought to be ready to move and be involved to some extent, there is no reason why it needs to be trying to do all the jobs.

Question: No. What I was getting at: Were you thinking, in studying this employment problem, where you have a revolution in technology within government and industry you are going to need more and more technicians in the future, of expanding into a more technical and professional field as well as trying to lift up the usual lower standard of jobs?

Secretary Wirtz: I understand the recommendation to be, squarely, yes. And let me ask another point. We have been faced with this question of whether it is appropriate for the Employment Service to use its offices to help a person who already has a job move up to a higher job, which is a related matter. Does this recommendation cover that?

Dr. Shultz: Sure. I think this was sort of the burden of the earlier question. On the other hand, we certainly don't see the Employment Service as being an agency to go out and advertise and try to get people to shift jobs, but it should be there to serve those who come in.

Secretary Wirtz: On the theory that if we get a job for this person who is presently at this point on the wage scale, that will mean somebody else moves up and somebody new moves in at the bottom.

Let me add just one thing, and I don't want to be misunderstood at all on it. I find some of the suggestions here quite blunt. I find every single one of them helpful. I interpret this report as suggesting improvements for the future without in any way constituting a negative criticism of the way in which the Service has been administered in the past. I find real satisfaction in the reflection of a job which has been well done but which now, even the improvements on the King James version of the Bible, could be done still better.

The Press: Thank you, Mr. Secretary.

STATEMENT OF HON. RONALD REAGAN, GOVERNOR OF THE STATE OF CALIFORNIA

I am vitally interested in the basic goals of the proposed Manpower Training Act. We have applauded the aims of flexibility, decategorization, consolidation and decentralization of manpower programs. A major overhaul of the system is clearly needed and overdue.

However, I have some major concerns about the manner in which the Manpower Training Act attempts to achieve these goals. The actual implementation at the local level may result in creating a greater proliferation of programs and a greater degree of confusing and overlapping jurisdictions conducting manpower programs.

As a state and as a nation, we are facing a severe and deep crisis in rapidly rising costs of welfare. One vital aspect of our total approach needs to be the most creative and innovative manpower programs—unshackled from the present bureaucratic red tape, remove from the pressures of politics and personal interests. This is our opportunity to make a significant improvement out of the jungle of programs which have developed in the last eight years.

The new administration in Washington has said they will push out to the states greater responsibility for manpower programs—which I am willing to accept, if I can have a corresponding level of authority.

We need to have one fundamental criterion for selecting prime sponsors—competency. I would be hopeful that many large city mayors would have the depth of interest in the subject to do an exemplary job. However, to limit the Governors in their selection of a prime sponsor to units of local government, and to exclude from their selection consideration of private sector organizations, is a serious flaw in the present legislation.

I would deeply appreciate your Committee's consideration of the attached amendments to the Manpower Training Act. I would also urge the Committee to solicit the views of other governors on this important matter.

PROPOSED AMENDMENTS TO S. 2838 AND H.R. 13472

Amendment No. 1

On page 9, line 1, and page 16, line 3, strike out "Secretary" and insert in lieu thereof the following: "Governor".

Amendment No. 2

On page 9, strike out line 4 through line 10.

On page 9, line 11, strike out "nated shall be designated by the Governor" and insert in lieu thereof the following: "among public or private agencies, organizations, or businesses operating within the area".

On page 9, beginning with line 14, strike out "For the purposes of this paragraph, the highest appropriate elected executive officials of each unit of local general government shall represent such unit.".

On page 9, beginning with line 18, strike out "and be subject to approval by the Secretary".

Amendment No. 3

On page 9, line 23, strike out "Where such a plan has".

On page 9, strike out line 24.

On page 10, strike out lines 1 through 6.

Amendment No. 4

On page 8, line 2, strike out "develops" and insert in lieu thereof: "assists the agency in developing".

On page 13, line 25, strike out "for de-".

On page 14, line 1, strike out "veloping" and insert in lieu thereof: "assisting the comprehensive manpower agency in the development of."

On page 15, line 15, after "service" insert the following: "developed by the agency".

Amendment No. 5

On page 16, line 9, strike out "(as represented by".

On page 16, strike out lines 10 and 11.

On page 16, line 12, strike out "ment".

On page 16, strike out line 18.

On page 16, line 19, strike out "local general government within the area, or by the".

On page 16, line 20, strike out "if such officials fail to act in a timely manner".

Amendment No. 6

On page 7, line 8, after "Act" insert the following: "agencies administering programs established pursuant to Part C of Title IV of the Social Security Act,".

Amendment No. 7

On page 8, lines 3 and 6, and on page 12, line 20, after "Act" insert the following: ", Part C of Title IV of the Social Security Act,".

On page 8, line 25, after "Act" insert the following: "and the programs established pursuant to Part C of Title IV of the Social Security Act,".

Summary Explanation of Proposed Amenements to S. 2838 and H.R 13472

The following summary expresses the intent of the amendments offered:

Amendment No. 1

This provides that the Governor specify the *area* in which the prime sponsor will operate. Under the bill, as presently written, the Secretary of Labor has such authority.

Amendment No. 2

This amendment gives the Governor the widest possible discretion and flexibility in choosing the local prime sponsor. This is in accordance with the general policy of placing responsibility for the operation of manpower agencies with the Governor, instead of diffusing responsibility among a number of public agencies. He may designate prime sponsors from among private as well as public entities. This is consistent with the desire to get increased private sector involvement in manpower programs. To accomplish the above objectives, the amendments *eliminate* the following from the bill as written: (1) Limitation of prime sponsors to governmental entities; (2) 75 per cent proviso under which the cities could automatically become the prime sponsor; (3) Language which designates who can represent the unit of local general government; and (4) Secretary's right of veto.

Amendment No. 3

This amendment gives the Governor the authority to make the final determination whether the prime sponsor's plan should be included in the State Plan. It, therefore, strikes language in the bill as presently written that if the Governor does not include the prime sponsor's plan in the State Plan, the prime sponsor may appeal to the Secretary of Labor who will then decide whether the prime sponsor's plan is consistent with the State Plan.

Amendment No. 4

This amendment provides that the statewide plan will be developed by the Comprehensive Manpower Agency in consultation with the Statewide Manpower Planning Organization, rather than by the Planning Organization as an autonomous organization as the bill presently provides. The planning responsibility cannot be divorced from operational responsibility.

Amendment No. 5

Since the Governor will have responsibility for the statewide plan, this amendment makes it clear that if the prime sponsor defaults in his responsibilities, the Governor shall undertake to complete the plan of operation.

Amendment No. 6

This amendment makes it clear that the Comprehensive Manpower Agency shall include the agency administering the WIN Program. It further includes the WIN Program under the responsibilities of local prime sponsors. This will mean that the whole range of manpower services can be centrally delivered to the client in one office.

Executive Department,
Atlanta, April 8, 1970.

Representative Dominick V. Daniels,
*Chairman, Select Subcommittee on Labor, Committee on Education and Labor,
Cannon House Office Building, Washington, D.C.*

Dear Representative Daniels: The State of Georgia wishes to provide you with a detailed evaluation of the major manpower program reform proposals now pending in Congress.

The attached position paper outlines our feelings on the proposed legislation and we hope that it will be useful to you in your committee deliberations.

Your continued efforts on behalf of improved comprehensive manpower legislation are greatly appreciated.

Sincerely,

Lester Maddox, *Governor.*

Manpower Legislation Evaluation

(Reflects comments on Administration's Bill S. 2838 and H.R. 13472—Steiger Bill—H.R. 10908 and O'Hara Bill—H.R. 11620)

At the present time there are three-measures before Congress which seek major improvements in the existing complex of Federal manpower training authority and agency arrangements. The leading bills are identified above.

After carefully reviewing the three leading proposals, the State of Georgia applauds the efforts of each to seek major revisions in a cumbersome pattern of Federal program authority and Federal agency manpower responsibilities. While the Administration's measure more closely parallels Georgia's posture toward comprehensive reforms in manpower legislation, all proposals (3) do have features which we consider very positive and others which we believe are contrary to our needs. Therefore, the following outline reflects the State of Georgia's views on the proposed manpower legislation:

1. We subscribe to all three bills' efforts to consolidate a large share of Federal manpower authority into a single Department of Labor program and funding authority.

2. We agree with the Administration and Steiger proposals on the needed major increases in State and local responsibilities for planning and administration of Federal manpower programs.

3. The Administration and Steiger proposals for greatly enlarging planning and administration responsibilities under the direction of the Governor at the State level are heartily endorsed.

4. The *comprehensive* listing of manpower activities identified in all three bills are in accord with the State of Georgia's views of maintaining activity flexibility to meet State and local manpower needs.

5. The provisions of *upgrading* underemployed and *training* unemployed workers spelled out in the O'Hara bill appear to be more flexible and comprehensive than those of the Administration and Steiger proposals, which do not specifically emphasize the *upgrading* aspects of manpower services.

6. Georgia's position on *eligible persons'* participation is closely aligned to the flexibility offered in the Administration's bill. We subscribe to the development of a national program and policy which would cover total labor force requirements.

7. We support the intent of the three bills to eliminate the need for OEO concurrence in program development and the intent to eliminate the favored position of OEO-authorized local Community Action Agencies in sponsoring, planning and administering manpower activities and delivery systems.

8. While we support the Administration bill's intent to encourage a State level comprehensive manpower agency, we do believe the State level mechanism should be flexible enough to allow the Governor to identify a lead agency on manpower to coordinate all pertinent manpower programs—when this arrangement is deemed more effective by individual States.

9. Some states have already established a network of area-wide planning and development commissions. Therefore, we oppose the Administration bill's provision for allowing the Secretary of Labor to designate area-wide agencies in

Standard Metropolitan Statistical Areas. This provision would be in direct conflict with State-established planning boundaries and with the provisions of the Intergovernmental Cooperation Act of 1968 and U.S. Bureau of the Budget Circular No. A–95 which encourage the delineation of uniform sub-state planning and administraton boundaries.

10. All three bills provide for advance program funding. This provision is deemed essential in an area where uncertain financing has been the rule.

11. We endorse the appropriations allocation for programs under the Administration proposal—75 percent of funds are earmarked for State use according to formula.

12. We support the intent of allowing each State (as identified in the Steiger Bill) to administer all of its share pursuant to approved State plans covering programs and administrative arrangements. We oppose the Administration's concept of staged decentralization of authority to the States.

13. The "*allowances*" provision of the Steiger bill provides that the State plan shall establish training and other allowances. We agree with this flexible approach.

14. We adamantly oppose the Administration's provision which stipulates that the Governor would be *required* to designate *any* public or private body selected by such general unit or units representing 75 percent of the area population. The Governor should be given the authority to mandate to the Secretary of Labor and to local units of government the use of State established, uniform "area" prime sponsors. This would be in keeping with the U.S. Intergovernmental Cooperation Act.

STATE OF HAWAII,
DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT,
Honolulu, Hawaii, April 24, 1970.

Representative DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor, Committee on Education and Labor,
Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN DANIELS: We have reviewed the major manpower program reform proposals as circulated to us by the Council of State Governments and wish to comment for the hearing record on H.R. 13472 currently before your committee.

Its general concept appears to represent a comprehensive approach in an area where such an approach is sorely needed. Section 104 of the bill provides the mechanical framework for manpower planning functions for those states where a comprehensive planning function and comprehensive manpower planning as a functional area of the total planning process have not been established in organizational terms.

In those states where these activities have been established—and we feel confident they represent the majority from the material we have seen—the bill in the present form could lead to disruption of on-going programs and actual weakening of the State planning process. H.R.13472 fails to recognize a clear-cut distinction between State comprehensive planning and manpower planning. Although Section 104 does not specifically preclude the designation of a central state planning agency as the state manpower planning organization, under Subsection (a) (3) it would appear to have the effect.

We applaud the growing Federal emphasis on planning in many functional areas and the desire to make this planning as comprehensive as possible. Too often, however, this can have the unintended result of weakening the comprehensive planning functions of already authorized and functioning central planning agencies. Clear and explicit statement and wording of the law can avoid much subsequent confusion and interagency maneuvering.

The 1970 State Legislative Program of the Advisory Commission on Intergovernmental Relations proposes model legislation for establishing state planning agencies and programs which specifically embraces manpower planning. It is our opinion that H.R. 13472 in its present form would weaken gravely this model State legislation at the Federal level. We would appreciate any staff analysis your committee could offer in this regard before committee action is taken.

Sincerely,

SHELLEY M. MARK.

Office of the Governor,
Frankfort, Ky., April 3, 1970.

Representative Dominick V. Daniels,
*Chairman, Select Subcommittee on Labor, Committee on Education and Labor,
Cannon House Office Building, Washington, D.C.*

Dear Mr. Daniels: There are three measures before Congress which seek major changes in the existing pattern for Federal-State manpower programs. These are: (1) S 2838, the Administration bill; (2) HR 10908, introduced by Congressman William A. Steiger, Wisconsin; and (3) HR 11620, introduced by Congressman James G. O'Hara, Michigan.

The Administration bill and the Steiger bill propose to place greater responsibility for Manpower programs at the State level. The O'Hara bill gives sole responsibility and authority to the United States Secretary of Labor.

In view of the fact that manpower problems and needs vary from State to State and relate directly to the economic and social characteristics of the individual States, any legislation acceptable to the State must locate responsibility and authority at the State level. For this reason the O'Hara bill (HR 11620) would be wholly unacceptable since it does not encourage a strong State role and it places sole responsibility and authority in the hands of the Secretary of Labor.

The Steiger bill (HR 10908) provides for a Federal-State relationship with the Secretary of Labor entering into agreements with each Governor to provide manpower services according to a plan developed by the State.

The Administration bill (S 2838) provides for a more complex system which directly involves all three levels of government—Federal, State and local—in planning manpower programs under guidelines established by the Secretary of Labor. While this bill proposes to better coordinate the manpower programs, it would, at the same time, dencentralize the administration of the programs to *both* State and local areas in accordance with a planning system operated through a prime sponsor concept.

From the standpoint of administration, the Steiger bill offers more appropriate control by the Governor and his designated Department Head over administrative arrangements and relationships with political subdivisions, together with greater flexibility in adapting manpower planning to differing circumstances.

As the various bills are presently written the Steiger bill (HR 10908) would be the more administratively feasible bill and would provide the same programs and services as provided under the Administration bill (S 2838).

However, while S 2838, as written, is more administratively complex and more conducive to planning and jurisdictional problems than is the Steiger bill (HR 10908) it can, through amendment, be made an acceptable bill for State administration purposes both in principle and construction.

I am making the following suggestions with respect to the Administration bill (S. 2838) in the event your Committee should concentrate on this particular measure:

1. While the bill proposes to place greater reliance upon the Governors in the administration of manpower programs, there is grave question as to how much final authority a Governor may have in the ultimate approval of overall State manpower planning. The bill provides for local prime sponsors of manpower programs. The Governor has primary responsibility for designating prime sponsors. *However,* if a unit or units of local government representing 75 per centum of the population of an area, determined in accordance with regulations which the Secretary may prescribe, concur as to the nomination of *any other public body or private agency or organization as a prime sponsor,* the Governor would be obligated under the law to designate the prime sponsor so nominated. For purposes of this provision the unit of local government would be represented by the highest appropriate elected official of the unit. The prime sponsors and local advisory bodies would prepare the local plans to be incorporated into the State plan. Community Action Agencies, as public bodies, could be designated as prime sponsors. If such a plan as they may develop *is not* included in the State plan, the Secretary of Labor shall, upon request of the *prime sponsor,* determine, after consultation with the Governor, whether the area plan is consistent. The Secretary's decision will be final. This arrangement could well produce problems in state-wide coordination of manpower planning.

2. One of the stated principles of the proposed legislation is to assure the placing of the administration of the manpower programs as near as possible to the

Governor's office. The bill proposes the designation of a Comprehensive State Manpower Agency. No agency is closer to the Governor than one headed by a member of the Governor's Cabinet. The head of the Department administering the employment security program is a member of the Governor's Cabinet. The Employment Security agencies are the only agencies of State government which have already developed the capability for administration of those services included in the Comprehensive Manpower Development plans. For this reason the bill should specifically designate the Employment Security agencies of the States as the State agency responsible for the administration of the manpower services.

3. Sections 102, 104, and other related sections of S. 2838 as may be necessary, should be amended so that the decision of the Governor in regard to the approval of local plans in Standard Metropolitan Statistical areas and other areas designated by the Secretary as he deems appropriate, is final unless appealed by the locality to the Secretary; and, in that event, the decision of the Governor should be final if the Secretary finds such decision is supported by substantial evidence.

4. Section 106 of the bill, which defines the authority of the Secretary of Labor to provide manpower services in a State where there is non-compliance or absence of an approved plan, and other relevant sections, should be amended so that the Secretary shall not have the authority, as a competing Federal agency, to perform within a State those manpower services referred to in Section 101 of the bill which are already being performed by the State Employment Security agencies.

5. The bill provides four levels of grants to States for the administration of manpower services. This should be revised to provide for no more than two levels.

In the first instance, the Federal government retains 20 per cent of a given State's allocation for the direct Federal administration of national projects, research, evaluation and demonstrations in the State. An additional 5 per cent is retained by the Federal government for State incentive grants. Therefore the State would be entitled to 75 per cent of the total State allocation, and this would be received only in steps as follows:

(*a*) Where a State has established a Comprehensive Manpower Agency and has submitted an approved plan, *but has not established a Manpower Planning Organization* and provided for the designation of prime sponsors in local areas, as prescribed in Section 102 of the bill and discussed earlier in item 1, the Secretary shall grant to the State *25 percent* of the funds apportioned to the State from its allocation. This is equal to *18¾ percent* of the total allocation.

(*b*) When the State fully meets the plan requirements, including designation of the Comprehensive Manpower Agency, establishment of a State Manpower Planning Organization and provision for the designation of local prime sponsors, the Secretary shall, in accordance with such regulations as he may prescribe, make grants to the State equalling *66⅔ percent* of the funds apportioned to the State. This is equal to *50 percent* of the total State allocation.

(*c*) The Secretary will promulgate, with the concurrence of the Secretary of Health, Education, and Welfare, standards of "exemplary performance" to be met by States relating to their planning for the allocation of resources, program effectiveness, and efficiency and economy, including unit costs in carrying out the program. Any State which the Secretary finds is complying with these standards shall receive *100 percent* of the funds apportioned. This is *75 percent* of the total State allocation.

(*d*) Under prescribed circumstances the State may also receive as a part of its apportionment, the *5 percent* designated for incentive grants. This would be in addition to the 75 percent which could be achieved when the State meets the Secretary's standard of "exemplary performance".

In view of the above, I am of the opinion that the four levels of grants as provided in the bill are excessive and would tend to create conflict with respect to the responsibilities of the States and the Secretary in carrying out the program. I also question the practicality and validity of the concept of "exemplary performance" as provided for in the bill. Therefore, I recommend that the bill be appropriately modified to eliminate the "exemplary performance" concept and to provide that 80 percent of the funds appropriated under the bill be allocated to the States in not more than two levels

6. Title IV of the bill, relating to a National Computerized Job Bank program would require States to supply private fee-charging agencies with lists

of employers seeking workers and workers seeking jobs. It is presumed that if employers and workers wished to pay a fee for these services that they would have gone directly to, and become clients of, the fee-charging agencies. We should not take it upon ourselves to expose them to fee-charging services in lieu of the service which they request from the State manpower agency. Therefore, I recommend that the reference to private job placement agencies in Section 402 of Title IV either be deleted or modified to include only private non-profit job placement agencies.

7. As the bill is presently written it can be interpreted as placing control of the State employment service and unemployment insurance programs (programs under the Wagner-Peyser Act and the unemployment insurance provisions of the Social Security Act and the Internal Revenue Code) under the proposed State Manpower Planning Organization (The State Manpower Planning Organization is primarily an advisory and recommending body and is not to be confused with the Comprehensive State Manpower Agency discussed in item 2, above). This interpretation would remove such control from the Governor's Appointive Department Head who is a member of the Governor's Cabinet and place the control under a State-wide body representing such interests as the bill and the United States Secretary of Labor may prescribe. For this reason, I recommend that Section 104 of the bill be amended so as to delete the reference to programs financed under the Wagner-Peyser Act and provide specific assurance that administrative discretion and control with respect to these programs and the unemployment insurance programs under Title III of the Social Security Act shall remain vested in the State employment security agency as designated by the Governor.

Should the above suggested changes be made in S 2838, I believe that the administration of its provisions would be feasible in carrying out its stated purposes and objectives. Otherwise I feel that the bill is fraught by numerous administrative pitfalls and may create difficulties disproportionate to its stated purposes and objectives. In this event, the provisions of the Steiger bill (HR 10908) would be more appropriate for State coordination and administration of the manpower programs.

Sincerely,

LOUIE B. NUNN, *Governor.*

EXECUTIVE OFFICE,
Jefferson City, Mo., April 30, 1970.

HON. RICHARD BOLLING,
Member of Congress.
HON. WILLIAM L. CLAY,
Member of Congress, House Office Building, Washington, D.C.

DEAR CONGRESSMEN: I understand the Administration's "Manpower Training Act", S-2838; HR-13472, is nearing the markup stage in both houses of Congress. I am very much concerned about the far reaching implications of this Bill, and the possible effects on our State's Manpower Programs.

I would support the enactment of comprehensive federal manpower legislation which would consolidate federal manpower programs, and provide for a *strong state role* so that such programs can be effectively coordinated. If the State is to be given a major responsibility in the area of manpower, it must also be given adequate authority to meet this responsibility. The provisions of the pending legislation (MTA) do not meet this requirement; therefore, I am one hundred percent against it.

The following explains the principal features of this legislation that I consider incompatible with the requirements for effective administration:

(1) The uncertainties in drafting, excessive complexity, and the frequency which key matters are reserved to the discretion of the Secretary of Labor:

The stated purpose of MTA is to decentralize Federal authority over manpower programs; yet the way this bill is worded, it places the Secretary in the position of arbiter on all of its provisions.

(2) The federal delineation of program areas would often be a departure from state determined boundaries, fragment administration of services, and seriously compromise the development of State and local planning and programming.

Area boundaries can better be determined by state planning authorities, who possess current information on the nature and compositions of agency districts and operating experiences.

(3) The local responsibility for planning and administration in "Standard Metropolitan Statistical Areas or other areas", deemed appropriate by the Secretary.

This would result in the decentralization of authority of metropolitan areas, with the state responsible for statewide planning and administration of program operations in other urban and rural areas.

The St. Louis SMSA includes St. Louis City, 750,000; St. Louis County, 1,300,000; four adjacent Missouri counties; and two Illinois counties, 300,000; total population, 2,350,000. In addition to being too large for the purpose intended, it represents divergent geographic divisions, economic-social problems and political administrations.

A single prime sponsor for an SMSA Area like St. Louis, because of the differences in service needs and problems of communication, would create an administrative monstrosity that would preclude the achievement of service objectors. The multiple prime sponsor system would be more equitable for the administration of the geographic divisions included in the area, and effective in terms of achievements.

(4) The responsibility of the Governor to designate *prime sponsors.* The circumstances in which choice can be exercised and the options available are limited. The Governor is usually obligated to pick the central city mayor as prime sponsor for the entire metropolitan program. If area elected executives representing 75% of the population agree on another choice, the Governor must designate that choice.

I feel strongly that there should be broader scope of options—for example, area wide entities, and multiple prime sponsors designations where suburban and central city circumstances so dictate.

(5) The earmarking of funds for Standard Metropolitan Statistical Areas, in accordance with formula for the distribution of funds. This provision compromises state determination of needs; and reserves no funds for the state to use in emergencies or flexibility in operations.

The Secretary of Labor is authorized to grant funds to SMSA Areas, on the basis of a formula that takes into consideration the areas proportion of the State's population, unemployed and disadvantaged persons.

A more equitable area distribution of funds could be made by state planning authorities who are in a position to take into consideration the cold statistical facts, and in addition the whole picture concerned with the area's need for manpower services.

(6) The State influence over State and local planning and administration. Although MTA gives the Governor the authority to alter local manpower plans, the local prime sponsor can appeal any problem directly to the Secretary.

I believe that the Governor's determinations on plans should be final if supported by substantial evidence.

(7) The State Control of Funds.

The decentralization stages of funds should be reduced to two.

"Exemplary performance" a final stage cannot be easily defined or uniformly interpreted, and should be deleted.

I have discussed these problems with the Secretary of Labor and members of his staff, but have not had any success.

In my opinion this piece of legislation will have far reaching effects. If it is passed in its present form, I cannot see how the manpower program of Missouri would be benefited. Therefore, it is very important to me and to our State that you oppose the administration's "Manpower Training Act".

Best regards,

Warren E. Hearnes.

Congress of the United States,
House of Representatives,
Washington, D.C., May 6, 1970.

Hon. Warren E. Hearnes,
Governor, State of Missouri,
Executive Office,
Jefferson City, Mo.

Dear Warren: This is to acknowledge your letter of April 30, pointing out the many and serious flaws in the Administration's proposal for a Manpower Training Act. My colleagues who have been deeply involved in manpower legislation and its development have indicated their failure to see that the Administration bill offered very much toward improving present manpower systems, but I am glad to have their judgment confirmed by your own analysis.

One area in which you have not commented, but in which a great many have also criticized the Administration bill is in its failure to provide for a significant federal program of public service employment—under which the States and other participating agencies would be encouraged *and helped* to provide jobs in areas of public service—jobs which need to be done, provided for people who need to work. The Administration bill is silent on the matter, and the Administration's spokesmen seem to range between indifference and hostility when the issue is raised. Some of the pending bills do seek to establish such a program.

It is my general understanding that the Administration bill, which fails to command even the undivided support of the Republicans on the Education and Labor Committee, and which is broadly opposed by the majority members of that Committee, will probably not come before the House in its present form. Such, at least, is the best bet as of now. If it does, or if other, better legislation in the manpower area is brought before us, I will certainly keep your cogent remarks in mind. In the meantime, as an assistance to the Committee in its deliberations, I have taken the liberty of sending copies of your letter to several key members of the Committee.

With best wishes,

Sincerely,

RICHARD BOLLING.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 28, 1970.

Hon. WARREN E. HEARNES,
Governor, State of Missouri,
Executive Office,
Jefferson City, Mo.

DEAR WARREN: This will acknowledge your letter of April 30 in reference to H.R. 13472, the "Manpower Training Act" which still pends before the Select Subcommittee on Labor of the House Education and Labor Committee.

I appreciate your interest in this legislation and the issues you have taken in opposition to the Administration's proposal. Certainly the question of the relationship between state and federal, not to mention city governments, has plagued the progress of this legislation since it was sent to Congress.

The need for more effective and efficient job training programs as well as the initiation of a comprehensive public service employment program is too urgent to be sacrificed to the controversy of control. Frankly, I believe only the federal authorities can guarantee that the design and intent of such programs as I deem necessary would be executed nation-wide in recognition of the desperate needs of the unemployed and disadvantaged sector of our society.

As you realize, federal job training programs in the 60's emerged to fill the void in state and local services and objectives. To date, it cannot be shown that state or local government agencies are any more prepared to take on this long unmet responsibility to induct into the system these people who, as individuals and/or groups, have for generations been systematically excluded.

I am a co-sponsor of the O'Hara bill, H.R. 11622, and I am hopeful that our Committee will incorporate the thrust of this bill into the manpower bill we report to the House. The question of job training is academic unless the question of jobs is addressed.

The success of a massive effort which I envision and support would, I believe depend upon federal authorities holding broad discretionary powers of control. The discrepancies among the states' abilities to assume responsibility for such a program cannot and should not be overlooked.

The differences in our points of view may in some part be attributed to our vantage points. For my part, as a member of Congress and a representative of people who most need access to the system, I have rendered the foregoing conclusions.

The Subcommittee informs me that your letter has been taken under consideration and that it will be included in the Record of hearings.

I appreciate your viewpoint, as well as your concern.

Sincerely,

WILLIAM L. CLAY,
Member of Congress.

State of Montana,
Office of the Governor,
Helena, April 30, 1970.

Representative Dominick V. Daniels,
*Chairman, Select Subcommittee on Labor, Committee on Education and Labor,
Cannon House Office Building, Washington, D.C.*

Dear Representative Daniels: I have been asked by Mr. George F. Basich, Special Assistant in the Office of Federal-State Relations of the National Governor's Conference, to give your committee my views of the Administration's Manpower Training Act, House Resolution 13472.

My office staff, along with the Executive Director of the Employment Security Commission of Montana, has reviewed very closely the proposed Manpower Training Act legislation. We have tried to keep abreast of the developments in the hearings on the legislation and while it would be difficult to detail our observations of each section of the legislation, I want you to know our state should be considered as being generally in favor of the intent of this new legislation.

We have observed during the past many months that the Manpower Programs are becoming more and more fragmented. About the only implement which is in operation directed toward coordinating Manpower programs in our state is through the Cooperative Area Manpower Planning Systems (CAMPS). We are satisfied that if the new proposed legislation places the responsibility in the Governor's Office for coordinating the several Manpower programs, we should be able to bring about a more effective Manpower system which would result in the objectives of the program reaching unemployed workers who lack education and/or training to qualify for job openings.

The one main concern which our state would have in connection with the proposed legislation is the possibility of conflict developing between the Governor's Office and the Mayor's Office in metropolitan areas. I am hopeful your hearings will resolve this concern.

Sincerely,

Forrest H. Anderson, *Governor.*

State of New Jersey,
Office of the Governor,
Trenton, August 19, 1970.

Hon. Dominick V. Daniels,
*Cannon House Office Building,
Washington, D.C.*

Dear Dominick: New Jersey is vitally concerned with the necessity to overhaul the administration of manpower programs which have recently been established by Federal legislation. I am of the view that the Manpower Training Act is intended as an effort to consolidate and improve the present system, but I am of the opinion that certain amendments are not only desirable but necessary. Governor Reagan of California has submitted to me a summary explanation of proposed amendments to S2838 and HR13472 and I would like to take the liberty of calling these to your attention because I believe they are worthy of support. A copy of this summary is attached as well as a copy of Governor Reagan's letter to me.

The proposed Federal Manpower Training Act (S2838; HR13472) does not, in our opinion, provide attention or solution to the following:

1. The Bill does not provide for inclusion of the existing Employment Security program in the over-all manpower service program.
2. The Bill does not provide for automatic inclusion within the over-all administrative structure for manpower programs or future manpower-related programs.
3. The Bill leaves much to be desired in the decentralization of administrative authority and may, as a matter of fact, result in serious conflicts among Federal, State and Municipal Governments.
4. The Bill fails to identify or define the meaning and scope of the term, "manpower", and thus creates the possibility of later confusion and conflict with other departments and agencies which might also propose "manpower"-related programs.

I believe that every effort should be made to consolidate and improve the present system and I trust that the foregoing suggestions can be given your favorable consideration and that you will support the amendments to these bills.

Sincerely,

William T. Cahill,
Governor.

STATE OF CALIFORNIA,
GOVERNOR'S OFFICE,
Sacramento, June 5, 1970.

Hon. WILLIAM CAHILL,
Governor of New Jersey,
Trenton, N.J.

MY DEAR BILL: I am writing you to express California's views and to ask for your support in achieving an improved manpower system in all states.

California is vitally interested in and supports the basic goals of the proposed federal Manpower Training Act (S. 2838; HR 13472). We applaud the goals of flexibility, decategorization, consolidation, and decentralization of manpower programs. A major overhaul of the system is clearly needed and overdue. We have recognized this in California by creation of the Department of Human Resources Development.

Based on our experience and analysis of the Manpower Training Act, I have major concerns whether such an act, as presently drafted, can achieve these goals. The actual implementation at the local level may result in creating a greater proliferation of programs and a greater degree of confusing and overlapping jurisdictions conducting manpower programs.

All states are facing a severe and deep crisis in rapidly rising costs of welfare. One vital aspect of our total approach needs to be the most creative and innovative manpower programs—unshackled from the present bureaucratic red tape, removed from the pressures of politics and personal interests. This is our opportunity to make a significant improvement out of the present jungle of programs.

The federal government has stated it will delegate to the states greater responsibility for manpower programs, which I, as a governor, am willing to accept if I have a corresponding level of authority. I believe the attached amendments, which are being introduced in both the Senate and the House, will strengthen the Manpower Training Act by providing each governor the authority he needs to carry out this greater responsibility.

We need to have one fundamental criterion for selecting prime sponsors—competency. Many large city mayors would have the depth of interest in manpower programs to do an exemplary job. However, to limit a governor's selection of prime sponsors to units of local government and to exclude private sector organizations from his selection considerations is a serious flaw in the present legislation.

I believe the enclosed amendments can and should be supported by you and all governors. I ask that you strongly consider them and contact your congressional delegation for the necessary support.

Sincerely,

RONALD REAGAN,
Governor.

(Proposed amendments are included in Governor Reagan's letter to the subcommittee.)

STATE OF NORTH CAROLINA,
GOVERNOR'S OFFICE,
Raleigh, April 10, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Committee on Education and Labor,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN DANIELS: I would like to comment on three legislative proposals which are now before your Committee. These proposals, H.R. 13472, H.R. 10908, and H.R. 11620, seek major changes in existing federal manpower training authority and agency arrangements.

Some of the changes suggested in these proposals will lead to a stronger Federal-State partnership in planning and delivering manpower development services. The time has come for an extra effort to reduce duplication and fill voids left by existing programs. We in North Carolina have exerted a special effort to coordinate and integrate manpower planning with the total planning function. To help achieve this coordination we have incorporated the CAMPS organization within the State Planning Division of the Department of Administration.

The Administration (S. 2838) and Steiger (H.R. 10908) proposals, as opposed to the O'Hara (H.R. 11620) proposal, provide for major increases in State and local responsibilities for the planning and administration of manpower programs. This is an admirable intention. However, a Governor's decision-making authority must be commensurate with his responsibility for state-level leadership in planning and implementing manpower programs.

If Federal and State manpower programs are to respond effectively to local needs, then the State, and hence the Governor as Chief Executive, must assume a primary role in planning and implementation. The proposed legislation, as now written, is deficient in this regard.

In North Carolina, we are currently delineating multi-county planning and development regions. We view these regions as critical to successful manpower planning and development functions as well as other areas of concern. Each region consists of an urban service center as well as surrounding rural area. We are convinced that a regional orientation of planning functions is the most effective way to deal with rural-urban interdependencies. Past programs which sought to deal with rural and urban areas independently have resulted in less than satisfactory results.

I would encourage you to keep the rural-urban interdependency in mind as you word the final version of this manpower legislation and that you strengthen the authority of the State to equal more nearly its coordinating and planning responsibilities.

We in North Carolina see it as highly desirable that each citizen has an opportunity for rewarding and satisfying employment. We have committed ourselves to use every available means to facilitate the achievement of this goal. Generally speaking, the proposed legislation, H.R. 13472 and H.R. 10908, is a move in the right direction.

Sincerely,

ROBERT W. SCOTT.

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF LABOR AND INDUSTRY,
BUREAU OF EMPLOYMENT SECURITY,
Harrisburg, Pa., June 4, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. DANIELS: On April 20, 1970, Governor Raymond P. Shafer wrote to you giving his position on the Manpower and Training Act, HR–13472. Among other things, he expressed concern over parts of the bill which did not go far enough in granting the Governor's necessary authority.

On April 22, Mr. William C. Diosegy, Deputy Secretary of Labor and Industry for Pennsylvania, personally appeared before your committee and presented both oral testimony and pertinent supplementary materials. The thrust of his testimony was the readiness and ability of the employment security agencies to accept the role as deliverer of manpower services.

On May 27, the Pennsylvania Advisory Council on Employment Security, composed of three members each from labor, management, and the public sector, met and carefully considered the Governor's letter and Mr. Diosegy's presentation. The Council unanimously approves and endorses the statements presented in these documents.

It is respectfully requested that this letter be incorporated in the records of your subcommittee.

Very truly yours,

BENJAMIN D. JAMES,
Professor of Psychology and Education, Chairman, State Advisory Council on Employment Security.

STATEMENT ON MANPOWER LEGISLATION REFORM

(By Hon. Preston Smith, Governor of Texas)

A most distinctive development within the past thirty years for the United States has been the increasing use of monetary, fiscal, and more recently, manpower policy to stabilize the economy and promote economic growth. The recognition and application of some combination of these policies to stabilize the economy is the result of increasing political acceptance and public awareness. What is known and not known about the appropriate mix of these policies should be of uppermost consideration before discussing questions relating to problems of program administration and implementation. At the same time, much remains to be learned about the effectiveness of program administration.

In the Manpower Report to Congress in March, 1970, President Nixon raised interesting questions concerning manpower policy to end the waste of human resources. The impression one gets from the Report is that streamlining "delivery systems" and administration will solve manpower problems; however, such is not the case. One sees from quick examination that with the exception of unemployment insurance, our existing manpower programs are largely in periods of cyclical downturn. Hopefully, such extreme "tests" of programs will never come, but there are unanswered questions about how manpower programs will perform in an economic recession. However, unanswered question and imperfect knowledge should not prevent the use of this present opportunity to place manpower policy on an equal plane with fiscal and monetary policies in promoting economic stability.

Most manpower efforts to date—estimated to be 75% of the budgeted outlay—are focused on the disadvantaged. These programs are primarily designed to bring additional workers in to the labor force and to aid the physically handicapped rather than to upgrade the skills of those already employed. Manpower programs directed toward those persons not capable of operating in an increasingly sophisticated labor market are essential, and effectivenes toward achieving this goal with existing programs must be increased.

But, in so directing the manpower effort, there are specific dangers to be avoided. First, manpower programs may become identified exclusively with the disadvantaged, thus slighting, the training needs of workers on the job well as unemployed workers who do not qualify as disadvantaged. A case in point is contained in a recent letter by R. L. Coffman in which he states that the Texas Employment Commission's commitment to rendering service to the disadvantaged has necessitated a reduction in so-called mainstream placement activity, including a long-established on-going program of employer relations. In the last four years there has been a 45% reduction in employer contacts by way of personal visits. A decline of this sort, coupled with a policy of FIFO (first in, first out) referral of applicants has resulted in an appreciable decline in employer acceptance of services rendered. In the calendar year of 1969, the local offices of the TEC received job orders from 9,000 fewer Texas firms than in the calendar year 1968, and this occurred during a year when total Unemployment Insurance-covered employers increased by 2,000. Employers are able to employ better qualified applicants from gate-hiring than from local employment office referrals. During a period of increasing unemployment, local office active files contain experienced, job-ready applicants who have been laid off and are seeking work. But, under the FIFO referral procedure, these persons stay in the files while less-qualified applicants are sent to interviews. We feel that the employment security system has an obligation to the qualified applicant as well as the disadvantaged, and a loss of confidence by employers in the system will undermine the effectiveness with which assistance is provided to the qualified and disadvantaged applicants alike.

The second danger to be avoided in directing manpower effort is that should unemployment levels *fall* rather than rise, public attention to manpower programs and policies may correspondingly *decrease* due to the mistaken impression that little more needs to be done; third, obstacles encountered and past failings uncovered in programs for the disadvantaged may dim the enthusiasm for funding manpower programs at all levels of government.

These are realities which must be considered. We need to think through the totality of manpower programs both to bring additional, job-ready workers into the labor force and to upgrade skills of those currently employed. A dynamic economy will render any lesser effort inadequate and call forth the use of another "band aid" program to add to present proliferation and duplication.

As Governor of Texas, I welcome the opportunity to join the constructive partnership between federal, state, and local governments which is the intent and spirit of the "New Federalism." A new alignment of resources and leadership is needed. Lack of success resulting from one level of government approaching problems independently could have been avoided had concerted action been taken on problems which are inextricably bound together. The Manpower Training Act of 1969 potentially strengthens involvement of government at all levels to deal with problems of human resources utilization. This is a much-needed change. There are several commendable features of the Act. The Act seeks to de-categorize manpower programs and to improve the "mix" of services to the individual; aims to avoid duplication of administrative systems; attempts decentralization to improve planning and administration; builds in the basis for coordination of manpower programs with complementary programs and institutions; and moves toward the use of manpower policy to support monetary and fiscal policies in coping with gyrations in the economy.

Under the Act, Governors are responsible ultimately for development of state manpower plans and for designation of local prime sponsors, comprehensive manpower agencies, and state manpower planning councils. I welcome this new challenge and opportunity. For too long, many Governors have talked "states' rights" with little emphasis on "states' responsibilities."

Responsibility for action at the state level requires that the concepts of planning be carefully thought out. I would like to do the best possible job of planning at the state level. To do so, I need technically competent plans which are developed in localities and provided to the state. With appropriate utilization of sound plans developed at the area level, effective state planning is definitely possible. However, discussion at the national level has not indicated significant moves to design effective planning capability within the present Manpower Administration. The Secretary of Labor has said in his testimony that funds retained at the federal level will be used in *national projects, research and development*, and *federal administration*. He has also indicated that present actions in revamping the Department of Labor will provide more effective support to field operations, permitting *expanded technical support* and *monitoring*. But these changes do *not* refer to *planning*, particularly *multi-year planning*, which is one of the key objectives of the Bill.

I am interested in seeing that our planning effort at all levels pays off as a result of following sound theory and practice in the planning process. It would be encouraging if we could be more assured that the national manpower program administrators are equally committed to upgrading their capabilities to do planning. It will be unfortunate if Governors develop an effective planning capability in the states and no parallel effort is made at the national level.

Planning for program success means more than developing national guidelines and priorities, vis-a-vis target groups, and superimposing them on states and localities. Presently, the Cooperative Area Manpower Planning System is responsible for preparing a state plan developed from national guidelines. We recognize developing CAMPS to the point at which it will serve its intended purpose is a painful process. The "CAMPS-style" approach to planning is implicit in the proposed legislation. But, there is a noticeable absence in testimony about what national program administrators intend to do to improve the quality of planning. Program planning and administration must be more than a two-tiered effort, i.e. local and state; all levels of government must strive to achieve a balance of essential elements of planning.

I suggest that the Secretary of Labor restructure the Department of Labor organization to provide for a national counterpart to the Comprehensive Manpower Agency which each Governor must establish under the Manpower Training Act of 1969. Functionally speaking, this would provide a logical arrangement of authority and responsibility for administration of programs. Proposed legislation does not attempt to make any changes in the state employment and training service funded under the Wagner-Peyser Act.

Virtually all other facets of the present manpower system would be altered by changes suggested in the Act. Testimony to the Congressional Committee on Education and Labor indicates that the employment agencies have had varying degrees of success functioning as substantial actors in the "delivery system" for manpower services. Leadership of the Texas Employment Commission has reacted responsibly to changes required in activities and programs in response to changes in national priorities. When the Governors and Mayors assume responsibilities for manpower planning, some provision must be made for necessary changes in the *total* "delivery system." Critical needs faced by states developing planning capability in manpower are research studies and development of information systems directed to answering questions appropriate for particular states. Much of the present information-gathering capability in the state ES agencies is focused on garnering information suitable for aggregation at the national level for use in national planning.

More thought should be devoted to taking a *total* look at the proposed manpower system envisioned under new legislation. This requires preparations for new operations at the state and local levels, including scrutinizing agency funding and functions. No agency involved in providing manpower services, including the employment security agencies, should be excluded from review.

Section 102 of the Act provides that where the local prime sponsor submits an area plan for inclusion in the state plan, the Governor must accept the plan or have the local prime sponsor appeal directly to the Secretary of Labor. This is not the kind of arrangement which is likely to encourage proper cooperation between the Governor of a state and the Mayor of a large city. There will be many instances wherein a given locale may feel the need to take a different approach in light of urban versus non-urban problems. But, under this legislation, the Governor has the responsibility of manpower planning for *all* the state. Possibly, a state plan may do *more* than simply meet the minimum requirements established by the Secretary of Labor under Section 104 of the Act. Conversely, local plans may meet minimum requirements but fail to accommodate the broader interests of a state plan. For this reason, *I recommend that Section 102(2) be amended to provide that area plans "as a minimum" must be consistent with the requirements of the Secretary under Section 104, and that the Secretary give consideration to the appeal of a local prime sponsor only after the State Planning Council has considered the appeal and attempted to reconcile any differences. The report of findings of such an inquiry by the planning council should be a requisite to any appeal by a local prime sponsor directly to the Secretary of Labor. Should a local prime sponsor desire further to appeal, then the Secretary of Labor and the Governor may consult with the benefit of the state planning council findings.*

Manpower planning and programming at the state level demands decentralization of administrative authority and responsibility. Implicit in the Act is decentralization of *responsibility* with no concurrent delegation of *authority* to deal with problems arising from assumption of new responsibilities. Managers in government or business know that it is necessary to in fact delegate authority and responsibility to lower echelons expected to *respond* and *grow* in their ability to handle problems. The Manpower Administration has emphasized a sincere desire to aid development of staff at state and local levels for improved manpower programs. The intent of the Administration to decentralize can be questioned by examining the language in Section 104(7)(b) and (c). The wording suggests that the Secretary of Labor will have unqualified power to accept or reject all or part of a state's manpower plan. *I recommend that Section 104(7)(c) be amended to read "The Secretary may approve all or any portion of a plan submitted by a State; except, in any instance wherein the Secretary shall fail to approve any state plan, in whole or in part, the Secretary shall advise the Inter-Governmental Advisory Council of his action and provide the State with an opportunity to meet jointly with the Secretary and the Council to discuss appropriate adjustments in the State Plan."*

Manpower research is an increasingly important ingredient in the formulation of sound planning. Consequently, all research efforts should be developed to maximize the usefulness of information at all levels of government. A frequently-heard complaint from manpower scholars and administrators is their unawareness of research projects conducted in their region under a federal grant. This lack of communication suggests the possibility of overlap in the use of research funds. Until the "New Federalism" got under way, it had been an accepted practice for most research-related decisions to be made at the national level. Herein lies the problem of information gathering and dissemination. *For these reasons, I recommend that Section 301(c) be amended to state that before decisions for research are made wherein the problems peculiar to a certain state or states will be researched, then the Secretary will advise the state comprehensive manpower agencies of the respective state(s) of research plans and secure their advice on the use of funds for the project involved.*

To ensure adequate opportunity for consideration of an equitable distribution of funds to the states, as described in Section VI of the Act, the Secretary of Labor should consult with Governors and Mayors. This should occur prior to the promulgation of any apportionment guidelines. *I recommend that Section 602 be amended by adding the following sentence at the end of the section:*

"Prior to establishment or revision of the apportionment formula, the Secretary shall consult with members of the Inter-Governmental Advisory Council and other consultants whom he deems necessary to evaluate equity in the apportionment formula."

The Act will require that states and localities become more active participants and that elected officials have a voice in the determination in the planning and administration of manpower policy and programs. The opportunity for discussion between the Secretary and the states/localities is afforded through an Inter-Governmental Advisory Council. We support the extensive involvement of this Council in those areas as described in Section 604 of the Act. *I recommend that Section 604 be amended to provide that:*

(a) *Members of the Council shall include nine Governors, nine Mayors, and twelve elected state and local officials.*

(b) *Members of the Council shall meet a minimum of twice annually.*

(c) *Members of the Council shall elect the Chairman.*

(d) *Meetings of the Council may be called by the Secretary or the Chairman.*

The success of manpower programs will depend in large measure on appropriate rules and regulations tailored to the divergent needs of localities and regions.

I recommend that Section 607 be amended by inserting the following sentence after the word "necessary" at the end of the first sentence in the Section: "Prior to prescribing such rules and regulations, the Secretary shall confer with members of the Inter-Governmental Advisory Council to secure their advice in the development and promulgation of any rule or regulation."

A city, first and last, is a labor market, yet that market is somewhat imperfect, and as such, must be assisted in overcoming the problems of unemployment and underemployment. Otherwise, the economic goals we seek will elude us.

I believe Mayors, properly equipped, can and will make an imaginative contribution at the "grass roots" levels to strengthen effectiveness of manpower programs. Pragmatically speaking, careful examination of potential conflicts is needed since inconsistencies in responses from cities cause difficulties in manpower program administration. The "pass through" provisions for funds which will flow from the federal level directly to the Standard Metropolitan Statistical Areas can create problems. Not all Mayors share the philosophy that a city is a labor market. And not all Mayors have duties so structured to place themselves in close proximity to manpower problems. In large cities, most Mayors delegate administrative duties to professional city managers, who historically have not been trained to deal with human problems as much as "bricks and mortar." Innovative ways must be found to equip local leadership to assume these new planning and administration duties for manpower programs. Just generating more "paper mills" for manpower planning will be a farce. As stressed earlier, perspectives on manpower problems contained in a state manpower plan are no better than the several area plans can help make them.

To ensure that an equitable apportionment of funds occurs in the "pass through" to the SMSA's, I recommend that Section 601(a) of the Act be amended as follows: after the reference to the provision of the number of persons within the labor force which must be a criterion in the apportionment formula to the SMSA, insert "the number of unemployed." Cities, as do states, experience varying economic conditions. I feel the same criteria for apportionment to the states should be used to equitably apportion monies between SMSA's or other areas within each state. As a practical matter, the Cooperative Area Manpower Planning System presently provides the vehicle by which a state may meet the requirements set forth in Section 102 of the proposed Bill. Consequently, it is unnecessary to provide for a first "step" in the gaining of control of state apportionments by states when the Secretary of Labor gives credit to a state for something it is already doing and in a position to do; namely, to have the state employment security agency appointed to submit state CAMPS plans. *I recommend that Section 103 of the Bill, as proposed, be deleted.*

Much thought should be given to the appropriateness of any subdivision within a state in terms of how suitable it may be as the "target area" for administration and delivery of manpower programs. Some SMSA's may well be the logical basis for dividing the urban and rest-of-state areas; others may not. Any decision regarding the division of the state for program purposes should be made from a rational, realistic perspective. Such perspectives are most readily available to the Governor and local leaders closest to the problems. *I recommend that Section 102(2) be amended by inserting the following sentence after the first sentence of the section: "Prior to the detemination of any Standard Metropolitan Statistical Area or other area which shall be used for planning, administering, or providing for the administration of programs under this Act, the Secretary shall consult with the Governor as to the appropriateness of any such SMSA or area in carrying out the intent of this Act."*

These comments and recommendations are made in the context of "New Federalism." It is in this same philosophy that federal manpower legislation, requiring states and localities to become more active participants in planning and administration, must be shaped.

Comments of Hon. Deane C. Davis, Governor, State of Vermont

STATE OF VERMONT POSITION ON MANPOWER PROGRAM REFORMS

We support the declared purposes of the Administration's proposed Manpower Training Act. Vermont's experience in Comprehensive Manpower Planning (CAMPS) is such that we find that Federal Agency categorical programs are established with minimal apparent consideration given to actual State area manpower plans. The Governor does not have the power to control all the Manpower projects that come to the State. It is our experience that too often Manpower funds are made available to Vermont programs without any consideration to the State's overall manpower needs. Admittedly our manpower planning capabilities are only now becoming meaningful. Yet it is a source of frustration that grants are made over which the Governor has no control and which are not related to any overall planning or system of priorities for the state.

It is our understanding that there is pressure to continue categorical grants in such programs as NEW CAREERS, OPERATION MAINSTREAM, and the new Public Service Career effort. This defeats the very purpose of granting flexibility to state and local governments in responding to their particular needs and priorities.

A majority of the available manpower programs are designed for urban situations and it is often difficult to fit them into non-urban states with widely dispersed populations such as Vermont. Immense sums of available federal training program funds have been diverted into specific purpose ghetto type manpower programs such as CEP and are therefore unavailable to rural States for use in training their rural disadvantaged, just as serious a problem to such States as the ghetto problems are to the cities and States in which they are located. More of such available funds should be utilized in rural States with modification of present urban programs, such as has been done in NAB–JOBS recently and could be done with CEP funds.

There is a question as to the need for the creation of separate manpower planning and manpower operational groups. If, under the Governor's leadership, an effective and responsive Comprehensive Manpower Agency (CMA) can be established, it would appear that the planning and control responsibilities of manpower programs could be placed within the CMA. Such a move would only be effective if the Governor truly has control over funding, can designate local prime sponsors, and can assure that a viable state Manpower Plan is an actuality—not just a reflection of "force fitting" categorical grants to meet guidelines from any of several Federal agencies. The effectiveness of any legislation that would provide for consolidation of federal manpower programs should provide needed authority to the Governor.

The Administration proposal would fund state apportionment on the basis of 25% of grant if a state has an approved plan; up to 66⅔% if state has both a plan and a CMA; and up to 100% for exemplary performance as determined by the Secretary. This last condition of funding would serve as a serious deterrent to the overall purpose of the act in that it would appear to be most difficult to plan "exemplary projects" that would meet the approval of the Secretary—without detailed guidelines and ground rules from the Secretary. In effect the last third of the fund could conceivably become another type of categorical grant. In this respect the incentive feature, as proposed in the Steiger Bill, H.R. 10908, appears to be more advantageous.

We do not feel the creation of public service employment to be the prime objective in any manpower legislation. Certainly providing for improved employment practices, training, and career opportunities in public service areas is an integral part of the total manpower plan for the State of Vermont, just as much as training for industry and services in the private sector. Putting the federal, state, or local government in the position of being "employer of last resort" is not going to solve either the economic or the manpower problems we now face. Insofar as there are disadvantaged, unemployed or untrained people who need assistance, we feel the role of government is to provide employability services that will lead to jobs that are available in both the private and public sectors.

THE GOVERNOR OF THE COMMONWEALTH OF PUERTO RICO,
May 1, 1970.

Representative DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor, Committee on Education and Labor, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN DANIELS: I have been following the development in Congress of the several projects presented in relation to Manpower and Training Programs—H.R. 13472, H.R. 10908 and H.R. 11620.

In Puerto Rico we are primarily in agreement with the Administration Bill, but with some of the flexibility assured by the Steiger Bill (H.R. 10908).

We are planning for a reorganization in order to designate, in the near future, a Comprehensive Manpower structure within the Commonwealth Department of Labor to operate and/or provide for the operation of manpower programs. As of now the Bureau of Employment Security, which is part of the above mentioned Department, will take charge as designated agency.

You may be sure that Puerto Rico will give all its cooperation and support to improve our human resources.

Cordially yours,

LUIS A. FERRÉ, *Governor.*

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I appreciate the opportunity to present this statement to the Committee in support of my bill, H.R. 947, legislation to amend the Manpower Development and Training Act to provide for programs of job training and education of inmates of correctional institutions.

I first introduced this bill in the 89th Congress, in 1966, and appeared before the Committee accompanied by expert witnesses in the field of corrections who endorsed my bill. The Committee included in the amendments to the Manpower Development and Training Act that year an experimental program of education and training for inmates, and I am deeply grateful for this positive action by the Committee.

Now is the time, I believe, to broaden this program, which is limited in scope to a project basis, and make it a permanent part of the Manpower Development and Training Act.

Over the last three years the Department of Labor's limited program under Section 251 of the Manpower Development and Training Act of 1962 has accomplished much. There have been 37 projects in 29 states training over 2,000 inmates at a low cost of $1300 to $1400 per inmate. The program expires June 30, 1970, and has never had direct funding. Thus far, only about $7½ million have been spent. One of these pilot projects was at Apalachee Correctional Institution, Chattahoochee, Florida, in my home state where 240 inmates were included in the program.

In 1968, I held a seminar on Law and Order in my Congressional District. At that time, Federal Bureau of Prisons Director Myrl E. Alexander said, "The treadmill of arrest, imprisonment, release and re-arrest is too well known by all of us. So long as recidivism remains the rule and not the exception, the entire system of criminal justice will have failed." It is clear to me that the problem of law enforcement does not end with arrest and conviction. It is a sad fact that today at least 40 percent of all offenders released from custody eventually return to prison. And this figure for rearrests is even higher in certain circumstances. For example, in a recent press conference, Richard Velde, Associate Administrator of the Law Enforcement Assistance Administration, said that as many as 75 percent of ex-convicts may commit new crimes after release from prison. As long as this alarmingly high trend of recidivism continues, we have not come to grips with the problem of law enforcement. When we remember that 95 percent of those convicted eventually return to society, the need for effective rehabilitation programs becomes obvious. And the ineffectiveness of our present program is clearly demonstrated by the present recidivism figures.

Education and training are the basic tools in the rehabilitation of juvenile and adult offenders who are received by correctional institutions from the courts for punitive or corrective actions or both.

Crime costs the nation $27 billion annually. While we now spend $766 per child in our public schools, we also spend $4,069 a year to keep a juvenile in a detention home, $2,113 a year for a family on welfare and $3,500 a year for a criminal in a federal prison. These figures are shocking and the key to them is education.

Well over 70 percent of adult offenders are school dropouts lacking basic education and vocational skills, while some 85 percent of all prisoners have no skills to sell the employer upon release from the institutions.

As a result, they cannot get jobs and soon return to prison with other offenses. The President said in a statement on November 13, 1969, "A nation as resourceful as ours should not tolerate a record of such futility in its correctional institutions. Clearly, our rehabilitative programs require immediate and dramatic reform." The President went on to propose several ways in which to improve our correctional systems. One of these is to "Work to provide new vocational, educational and employment opportunities for persons on probation, in prison, and on parole, seeking out the cooperation and resources of private industry, and developing a government-wide system of coordination of this effort."

A broad program of teaching and instruction will strike at the root of most crime: lack of basic education. An investment of federal funds will be more than repaid by the savings it will eventually produce. These savings do not just include the resulting reduction in the costs of crime, police work, trials, and reimprisonment. There will also be a savings in relief and welfare funds for the individual offender and his family. There will also be a net increase in income taxes as a result of thousands of released prisoners working at gainful employment. I have not touched on the emotional savings, but a broad education and job training program will certainly reduce suffering, the wasted years of a criminal's life and the anguish of his family.

The *Jacksonville Journal* of Jacksonville, Florida, which I represent, recently said in an editorial, "If the average law abiding citizen is not too sympathetic to prison reform it is understandable, especially since we are no longer talking about chain gangs, sweat boxes and beatings. There are a good many other national priorities for him to be concerned about. Nevertheless, this is a problem that must be considered. If a solution exists it must be found so that civilization can reduce crime before crime eventually ends civilization."

My bill, H.R. 947, authorizes the Secretary of Labor to conduct permanent programs of job training and education in correctional institutions for those who are in need of this training. This program would be conducted in federal, state, and local institutioos, would include both vocational and on-the-job training, special job development and placement activities, prevocational, basic and secondary education and counseling, and would utilize the services of other federal Departments and agencies.

I urge the Committee to act favorably on H.R. 947, which I believe is a vitally needed piece of legislation, helping to reduce the rising crime rate by training offenders to get and hold jobs, thus relieving us all of a great burden. A happy and successful job life is important to happy and successful living. The Congress has an obligation to help rehabilitiate criminals to make them productive citizens in our society. Thank you for the opportunity to make this statement.

[H.R. 947, 91st Cong., first sess.]

A BILL To amend the Manpower Development and Training Act of 1962 to provide for programs of job training and education of inmates of correctional institutions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Manpower Development and Training Act of 1962 is amended (1) by redesignating title III as title IV, (2) by redesignating sections 301 through 310 as sections 401 through 310, respectively, and (3) by inserting after title II the following new title:

"TITLE III—CORRECTIONAL INSTITUTIONS

"SEC. 301. (a) The Secretary of Labor shall carry out a program of job training and education for persons in correctional institutions who are in need of training to obtain employment upon release. Such program (1) shall be conducted by the Secretary through agreements with officials of Federal, State, and local correctional institutions, (2) shall, where practicable, include both vocational education and on-the-job training, (3) shall include special job development and placement activities, (4) shall include where appropriate, prevocational, basic and secondary education, and counseling, and (5) shall utilize the services of other Federal departments and agencies.

"(b) When the program includes vocational education, such services shall be provided by those agencies which usually supply such services."

SEC. 2. (a) Section 241(4) of such Act is amended by striking out "301" and inserting in lieu thereof "401".

(b) The section of such Act redesignated by the first section as section 404 is amended (1) by redesignating subsection (d) as subsection (e), (2) by striking out of such subsection "title III" and inserting in lieu thereof "title IV", and (3) by inserting after subsection (c) the following new subsection:

"(d) For the purpose of carrying out title III, there are hereby authorized to be appropriated for the first year ending June 30, 1967, and for each fiscal year thereafter such amounts as may be necessary."

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 13, 1970.

HON. DOMINICK DANIELS,
Chairman, Selection Subcommittee on Labor,
House of Representatives,
Washington, D.C.

DEAR CHAIRMAN DANIELS: This is in reference to the enclosed statement I have received from Mr. Gordon McChesney, President of the Wisconsin Association of Secondary School Vocational Educators.

Since this statement represents the thinking and position of the Wisconsin Association of Secondary School Vocational Educators on several manpower training bills before your Subcommittee, I wonder if you would be good enough to see that it is made a part of the hearing record and given every appropriate consideration during any further evaluation of manpower training proposals.

Thank you for your assistance in this matter.

Sincerely,

ROBERT W. KASTENMEIER, *Member of Congress.*

MONONA GROVE HIGH SCHOOL,
Monona, Wis., April 7, 1970.

HOUSE EDUCATION AND LABOR COMMITTEE,
Select Subcommittee on Labor,
House of Representatives,
Washington, D.C.

GENTLEMEN: Our association, Wisconsin Association of Secondary School Vocational Educators, reviewed the several Manpower Training Bills H.R. 10908, H.R. 11620, and H.R. 13472 currently before Congress. We are very concerned about the impact of this legislation on the role of education in vocational education and manpower training. These bills in effect would place funds and decisions on vocational education programs under the jurisdiction of the Secretary of Labor. The members of our association are in complete agreement on the following issues:

(1) The educator's role in career training and determination of program is vital and vocational educators and people in labor should work together to determine present and future training needs. Determining needs—numbers of workers needed and the type of training required—should be a joint effort, but the actual training of our students should be done by educators within the framework of our comprehensive high schools and post-secondary vocational schools.

(2) Our vocational programs should be a part of the comprehensive high school and not separated into a special training school. The comprehensive high school can give the student the vocational training necessary as well as the related academic skills required for job competencies. The comprehensive high school must have a flexible program that will allow a student to be exposed to occupations and career development at an early age. Also, the students need to be in heterogeneous groups in some classes so that they understand each other and learn to live together as citizens in our society. The comprehensive high school can and should take care of the needs of all students, preparing some for college, others for 2-year post-secondary programs and others for immediate employment. The few students with lesser ability who cannot benefit from a vocational program must be helped by finding suitable work experience for them while in school so that they can become a productive member of our society.

(3) There is at the present time a real imbalance in the number of dollars being spent on remedial training programs as compared to those being spent on preventive programs. Vocational education is a costly program and local school districts find it very difficult or impossible to have quality programs without federal support even though they recognize the worth and need for more and better quality programs.

Our association members urge members of the committee to give full consideration to education and its role in training and retraining of workers in our society. I want to thank the members of the committee for allowing this letter to be read into the records.

Respectfully,

GORDON MCCHESNEY, *President, WASSVE.*

BOARD OF EDUCATION OF BALTIMORE COUNTY,
Towson, Md., January 26, 1970.

Hon. GEORGE H. FALLON,
U.S. House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE FALLON: We urge you to vote against the Manpower Acts of 1969 as presented in House Bills 11620–11624 and H.R. 10908.

On our request, Congressman Long sent copies of these bills to us; we have analyzed them and talked with some of the leaders in this field about our concerns.

We have come to the conclusion the manpower needs for vocational education and training must be served through the cooperative efforts of both the U.S. Department of Labor and the Maryland State Department of Education. Guidelines which specify the duties and responsibilities of each must be provided to prevent the development of a dual system of vocational education, the costly duplication of efforts always found in fragmented, overlapping, and contradictory programs, and the wasteful frustrations of trainees created by narrowly conceived skill training programs.

We urge you to apply this checklist to any Comprehensive Manpower Bill which comes before the House of Representatives for passage. When the text of the proposed Comprehensive Manpower Bill enables you to answer "yes" to each of the following criteria, we believe it will be a satisfactory law:

> Does it mandate that the State Advisory Council appointed, in accordance with the Vocational Education Act of 1968, will serve as the Council for Manpower Training and Development?
>
> Does it direct all funding for manpower training and development through State Departments of Education?
>
> Does it direct the Secretary of Labor to conduct research to determine the manpower needs of the nation, and the disseminate the results to the states?
>
> Does it instruct the Secretary of Labor to contract with the individual State Departments of Education for vocational education programs needed for manpower training?
>
> Does it require the State Departments of Education to contract with business and industry for training which may not be available in existing institutions?

We urge your support for a Comprehensive Manpower Act which is unequivocal in support of these criteria.

We request your continued support for legislation which will help us develop young men and women into self-supporting, contributing citizens.

Sincerely,

(Miss) **Jean R. Moser**,
Coordinator of Federal Aid.

[Telegram]

Santa Fe, N. Mex., *November 3, 1970.*

Representative **Manuel Lujan**, Jr.,
House of Representatives, Washington, D.C.:

State Department of Vocational Education in New Mexico raises several questions relative to the comprehensive manpower bill S. 2838 and H.R. 13472 feel that these questions should be resolved before this bill becomes a reality.

1. What can be accomplished under this act that cannot be accomplished under existing legislation?
2. Will training programs be developed in cooperation with, and approved by, the State department of vocational education?
3. Will existing State and local training facilities be utilized where applicable or will new and/or additional facilities be established?
4. What guarantee is there that this will not create a dual national education system in competition with existing public education?
5. Is not public education geared up to do this job at a savings of double to the taxpayers?
6. Is there any assurance that professional vocational educators will be full members of the proposed State and National manpower advisory committees?
7. What effect will this have on the existence and authority of the State advisory council for vocational education pursuant to Public Law 90-576?
8. What are examples of the regulations that the Secretary of Labor will prescribe when he makes a grant to the States?
9. What will be the criteria used by the Secretary of Labor in determining whether a States has established a comprehensive manpower agency?
10. Doesn't the law give the Secretary of Labor the power to regulate a State manpower agency, manpower plan and the prime sponsor at a local level and should this not really be the responsibility of the State and local agencies?
11. If the Governor is to have the authority on the State level why is the power always qualified with the Secretary of Labor?
12. Even though the bill states that many things will be in consultation with Secretary of HEW doesn't the Secretary of Labor really have the power to override all objections as to program and regulations?
13. Hasn't the vocational training in the public schools really been more economical per student cost than the stop-gap manpower training programs? It is respectfully requested that these questions become a part of the record.

Weldon Perrin,
State Director of Vocational Education, State of New Mexico.

MANPOWER DEVELOPMENT AND TRAINING PROGRAM IN SOUTH BEND, IND.

In 1962, under President Kennedy's leadership, the Manpower Development and Training Act was passed. Its primary purpose was to meet the training needs of the country. The trainee, the underemployed or unemployed, was to be readied for the labor market as quickly as he could assimilate the materials. Through the combined efforts of a local Manpower Advisory Committee made up of representatives from industry, service, labor, employment, and education, the first Manpower Development and Training Program in the Nation was started in South Bend on September 24, 1962.

The departure of Studebaker, a major employer of semi-skilled and unskilled labor in December, 1963, created a crisis in the local labor market. Through an accelerated effort the MDTA Program courses were instituted to handle 600 trainees.

Since this crisis period there have been other plant closings, causing similar emergency situations. Yet, during the seven years the program has been running over seventy per cent have attained training related jobs, another some 15% getting jobs not truly training related.

In November of 1969, the MDTA Program made another important change. The South Bend Skill Center came into being. The Skill Center, in addition to the training, now provides supportive services through the utilization of all the agencies in the community. The enrollment in the classes is open-ended, a student can enroll whenever there is a training slot vacant. Also, as soon as a trainee has reached the training objectives, he is sent to the Indiana Employment Service in pursuit of employment. Through this individualized approach, the Skill Center can deal more effectively with the individual and his problems.

THE COURSE OF STUDY

Within weeks of the beginning of the programs, it became apparent that more than skill training was necessary to insure job futures. It was with this understanding that the courses were set up so that the trainee received vocational training six (6) hours per day and Basic or Related Education two (2) hours per day. As an important part of Basic or Related Education topics covered included: (1) interviewing for the job, (2) budgeting, (3) communication skills, and (4) mathematics. The Vocational training areas vary according to the needs of the community as established by the Indiana State Employment office. Typical programs include: Health Services, Clerical Services, Automotive Services, Building Maintenance, Welding, and Machine Trades.

OBJECTIVES OF THE SOUTH BEND SKILL CENTER

Having identified the trainee as an individual with problems of skills, cultural deficiencies, poor school adjustment, language, or personal adjustment, the South Bend Skill Center attempts to fulfill the following objectives:

1. To create a desire to learn.
2. To provide individualized guidance and counseling.
3. To develop employability skills in a chosen field.
4. To develop basic education skills so that no trainee is "dead-ended" on his new job.
5. To inculcate in the trainee a positive self-identification—"I am somebody of worth".
6. To develop entry level job skills, as a beginning.
7. To use realistic methods to reach the above goals rather than those which please the educational establishment.

INDIANA VOCATIONAL TECHNICAL COLLEGE—SOUTH BEND SKILL CENTER

Project title	Project No.	Section	Starting date	Ending date	Weeks of training	Trainees required	Instructor
Auto body	8031	1	Oct. 23, 1967	Sept. 20, 1968	48	34	Cozart.
Combination welder	8032	1	Nov. 6, 1967	Apr. 19, 1968	24	30	Arch.
Do	8032	2	Apr. 22, 1968	Oct. 4, 1968	24	33	Do.
Auto mechanic	8033	1	Oct. 23, 1967	Sept. 20, 1968	48	34	Whitfield.
Heating and air conditioning	8034	1	Oct. 30, 1967	Sept. 27, 1968	48	28	D. Smith.
Machine operator	8035	1	Oct. 16, 1967	Sept. 13, 1968	48	23	Bowman.
L. P. N	8036	1	do	Oct. 11, 1968	51	16	Bupp.
Nurse aide	8061	1	Jan. 15, 1968	Mar. 1, 1968	10	19	Carlson.
Do	8061	2	Mar. 4, 1968	Apr. 19, 1968	6	20	Do.
Do	8061	3	Apr. 24, 1967	June 7, 1968	6	19	Do.
Cook	8062	1	Jan. 29, 1968	July 12, 1968	22	22	Rockwell.
Clerk-typist	8069	1	Feb. 5, 1968	July 19, 1968	22	21	Harris.
Programer	8070	1	Feb. 19, 1968	Oct. 25, 1968	32	23	Manley.
Maintenance	8076	1	Feb. 26, 1968	Aug. 9, 1968	30	28	Hall.
L. P. N	9001	1	Sep. 9, 1968	Aug. 29, 1969	50	19	Bupp.
Nurse aide	9029	1	do	Oct. 18, 1969	6	20	Carlson.
Do	9029	2	Oct. 21, 1968	Nov. 29, 1968	6	19	Do.
Do	9029	3	Dec. 16, 1968	Jan. 24, 1969	6	18	Do.
Do	9029	4	Jan. 27, 1969	Mar. 7, 1969	6	16	Do.
Do	9029	5	Mar. 10, 1969	Apr. 11, 1969	6	20	Do.
Do	9029	6	Apr. 31, 1969	May 30, 1969	6	19	Do.
Do	9029	7	Jun. 2, 1969	Jul. 11, 1969	6	19	Do.
Maintenance	9036	1	Sept. 23, 1968	Mar. 21, 1969	24	20	Hall.
Cook	9037	1	Sept. 30, 1968	Mar. 28, 19[illegible]	24	24	Rockwell.
Clerk-typist	9039	1	Sept. 16, 1968	Mar. 14, 1969	24	21	Harris.
Machine operator	9040	1	Dec. 2, 1968	Nov. 7, 1969	48	17	Bowman.
Auto mechanics	9041	1	Dec. 9, 1968	do	47	22	Whitfield.
Welder	9044	1	Nov. 18, 1968	May 2, 1969	24	22	Arch.
Do	9044	2	May 12, 1969	Oct. 24, 1969	24	23	Do.
Clerk-typist	9076	1	Apr. 7, 1969	Sept. 20, 1969	24	23	Harris.
Nurse aide	8061	4	Jun. 10, 1968	Jul. 26, 1968	6	18	Carlson.

INDIANA VOCATIONAL TECHNICAL COLLEGE—SOUTH BEND SKILL CENTER—Continued

Project title	Project No.	Section	Starting date	Ending date	Weeks of training	Trainees required	Instructor
Auto mechanics	1	1	Sept. 24, 1962	Aug. 26, 1963	48	20	H. Lycan.
Drafting, mechanical	2	1	Sept. 10, 1962	Aug. 16, 1963	48	25	C. Berry.
Service station attendant	3	1	Oct. 8, 1962	Dec. 29, 1962	20	20	E. Underhill.
Clerk, general office	4	1	Sept. 10, 1962	Jan. 26, 1963	20	25	W. Troyer.
Do	4	2	Feb. 4, 1963	June 21, 1963	20	25	Do.
Auto mechanic helper	14	1	Mar. 18, 1963	July 5, 1963	16	20	J. Nieman.
Machine operator	13	1	Apr. 29, 1963	Apr. 4, 1964	48	25	E. Bowman.
Clerk, general office	23	1	July 22, 1963	Feb. 21, 1964	31	25	W. Troyer.
Do	23	2	Apr. 20, 1964	Nov. 14, 1964	30	25	M. Koontz.
Auto body repair	203	1	Sept. 23, 1963	Sept. 5, 1964	50	20	H. Lane.
Auto mechanic	204	1	do	do	50	30	H. Rupe.
Drafting, mechanical	205	1	Sept. 9, 1963	Aug. 15, 1964	49	25	C. Berry.
Nurse aide	208	1	Nov. 11, 1963	Dec. 14, 1963	5	24	G. Dillan.
Do	208	2	Dec. 16, 1963	Jan. 25, 1964	5	24	Do.
Do	208	3	Jan. 27, 1964	Feb. 29, 1964	5	24	Do.
Do	208	4	Mar. 2, 1964	Apr. 4, 1964	5	24	Do.
Do	208	5	Apr. 6, 1964	May 8, 1964	5	24	Do.
Prevocational training	209	1	Feb. 10, 1964	Feb. 7, 1965	52	100	Bell, Jurkowski, Green, Camp.
Refrigeration mechanic	230	1	Feb. 24, 1964	do	49	25	V. Taylor.
Do	230	2	Mar. 2, 1964	Feb. 14, 1965	49	25	C. LeMarr.
Automatic heating, serviceman.	231	1	Feb. 24, 1964	Aug. 8, 1964	24	25	D. Smith.
Do	231	2	Aug. 17, 1964	Jan. 30, 1965	24	25	Do.
Data process, programmer	232	1	Mar. 30, 1964	Mar. 14, 1965	50	20	R. Lee.
Do	232	2	Apr. 6, 1964	Mar. 21, 1965	50	20	L. Low.
Data process, clerk	233	1	Mar. 9, 1964	June 27, 1964	16	25	E. Getty.
Do	233	2	June 29, 1964	Oct. 17, 1964	16	25	Do.
Do	233	3	Oct. 19, 1964	Feb. 5, 1965	16	25	Do.
Welder, combination	234	1	May 4, 1964	Aug. 22, 1964	16	15	T. Arch.
Do	234	2	May 11, 1964	Aug. 29, 1964	16	15	R. Humphrey.
Do	234	3	Aug. 24, 1964	Dec. 4, 1964	16	15	T. Arch.
Do	234	4	Aug. 31, 1964	Dec. 11, 1964	16	15	R. Humphrey.
Do	234	5	Dec. 7, 1964	Mar. 27, 1965	16	15	T. Arch.
Do	234	6	Dec. 14, 1964	Apr. 3, 1965	16	15	R. Humphrey.
Screw machine setup	236	1	May 4, 1964	Apr. 9, 1965	49	20	G. Conner.
Job setter (machine shop)	237	1	do	do	49	20	G. Freund.
Screw machine setup	236	2	May 19, 1964	Apr. 16, 1965	49	20	P. Bentzler.
Job setter (machine shop)	237	2	do	do	49	20	H. Ditsch.
Upholsterer	238	1	June 8, 1964	Nov. 20, 1964	24	20	C. Klotz.
Do	238	2	Nov. 23, 1964	May 8, 1965	24	20	Do.
Auto body repair	240	1	Mar. 23, 1964	Feb. 26, 1965	49	20	R. Penrod.
Maintenance man, building	242	1	Mar. 30, 1964	Sept. 11, 1964	24	20	D. O'Donnell.
Do	242	2	Sept. 21, 1964	Mar. 6, 1965	24	20	Do.
Auto mechanic	243	1	Mar. 23, 1964	Feb. 26, 1965	49	20	E. Petzke.
Drafting, architectural	244	1	Mar. 16, 1964	Feb. 19, 1965	49	25	J. Prebys.
Inspector (machine shop)	245	1	June 1, 1964	Nov. 13, 1964	24	25	G. Klowetter.
Electric motor repairman	246	1	July 13, 1964	June 18, 1965	49	25	P. Winther.
Cook	247	1	May 11, 1964	Apr. 17, 1965	49	25	C. M. Harper.
Do	247	2	July 20, 1964	June 26, 1965	49	25	C. R. Harper.
TV and major appliance repair.	5014	1	Sept. 14, 1964	Sept. 11, 1965	51	20	W. Hester.
Do	5014	2	Feb. 8, 1965	Jan. 29, 1966	51	20	H. Berg.
Office machine repairman	5015	1	Oct. 12, 1964	Oct. 8, 1965	52	20	J. Zimmer.
Do	5015	2	July 19, 1965	July 9, 1966	52	20	Do.
Shoe repairman	5016	1	Oct. 5, 1964	Mar. 17, 1965	25	20	N. Tucker.
Do	5016	2	Mar. 22, 1965	Sept. 11, 1965	25	20	Do.
Nurse aide (5 sections)	5017	5	Oct. 26, 1964	Sept. 6, 1965	40	20 (100)	G. Dillan.
Draftsman, mechanical	5018	1	Nov. 9, 1964	Nov. 5, 1965	52	25	E. Stephens.
Auto mechanic	5019	1	Oct. 10, 1964	Oct. 15, 1965	52	20	H. Rupe.
Auto body repairman	5020	1	Oct. 26, 1964	Oct. 22, 1965	52	20	H. Lane.
Machine operator, general	5023	1	Dec. 7, 1964	Nov. 13, 1965	49	20	A. Austin.
Do	5023	2	Dec. 14, 1964	Nov. 20, 1965	49	20	R. Kreps.
Do	5023	3	Jan. 8, 1965	Dec. 25, 1965	49	20	G. Conner.
Do	5023	4	Mar. 22, 1965	Feb. 26, 1966	49	20	L. Jacobs.
Clerk-stenographer	5027	1	Jan. 4, 1965	June 26, 1965	24	20	F. Whiteford.
Do	5027	2	June 28, 1965	Dec. 18, 1965	24	20	Do.
Small engine repairman	5029.001	1	Feb. 15, 1965	July 31, 1965	24	20	J. Whitefield.
Do	5029.001	2	Aug. 2, 1965	Jan. 15, 1965	24	20	Do.
Data process, programer	5029.002	1	Mar. 22, 1965	Feb. 26, 1966	49	20	L. Felabom.
Automatic heating and air-conditioning serviceman.	5029.003	1	Feb. 22, 1965	Jan. 29, 1966	49	20	D. Smith.
Do	5029.003	2	do	do	49	20	V. Taylor.
Tailor-alteration, woman	5029.004	1	Feb. 15, 1965	July 31, 1965	24	20	M. Wilks.
Do	5029.004	2	Sept. 9, 1965	Jan. 22, 1966	24	20	Do.
Electrical appliance serviceman.	5029.005	1	Feb. 22, 1965	Jan. 29, 1966	49	20	C. LeMarr.
Welder, combination	5029.006	1	May 17, 1965	Sept. 4, 1965	16	20	R. Humphrey.
Do	5029.006	2	do	do	16	20	Do.
Do	5029.006	3	Sept. 7, 1965	Dec. 26, 1965	16	20	Do.

INDIANA VOCATIONAL TECHNICAL COLLEGE—SOUTH BEND SKILL CENTER—Continued

Project title	Project No.	Section	Starting date	Ending date	Weeks of training	Trainees required	Instructor
Upholsterer	5029.007	1	Feb. 8, 1965	Jan. 14, 1966	49	20	D. Conley.
Maintenance man, building	5029.008	1	do	July 24, 1965	24	20	A. Brenner.
Do	5029.008	2	July 26, 1965	Jan. 14, 1966	24	20	Do.
Home management	5029.009	1	Mar. 1, 1965	Aug. 13, 1965	24	20	E. Stombaugh.
Do	5029.009	2	Aug. 16, 1965	Jan. 29, 1966	24	30	Do.
Machine operator, general	5029.010	1	May 17, 1965	Apr. 23, 1966	49	20	F. Mattasits.
Do	5029.010	2	Jun. 7, 1965	May 14, 1966	49	20	E. Bowman.
Electric motor repairman	5029.011	1	Sep. 7, 1965	Aug. 13, 1966	49	20	K. Clawson.
Floral design	IN-J-13	1	Aug. 2, 1965	Oct. 9, 1965	10	20	W. Kistler.
Shipping and receiving clerks	6015.002	1	Oct. 25, 1965	Oct. 25, 1965	24	20	W. Reynolds.
Attendants, hospital and institutional (youth)	6015.004	1	do	Apr. 9, 1966	24	20	S. Lekens.
Maintenance men and maintenance mechanics (youth)	6015.005	1	Jan. 3, 1966	Jun. 18, 1966	24	20	A. Brenner.
Mechanics and repairmen, motor vehicle (youth)	6015.006	1	Oct. 25, 1965	Oct. 1, 1966	49	20	I. Smith.
Machine operator, general (youth)	6015.007	1	Jan. 31, 1966	Jan. 7, 1967	49	20	L. Jacobs.
Cook (adult)	6026.002	1	Nov. 28, 1965	May 14, 1966	24	20	T. Rockwell.
Do	6026.002	2	May 16, 1966	Oct. 29, 1966	24	20	Do.
Automobile mechanic (adult)	6026.003	1	Oct. 11, 1965	Sep. 17, 1966	49	20	J. Whitfield.
Welder, combination (adult)	6026.004	1	Sep. 27, 1965	Jan. 15, 1966	16	15	T. Arch.
Do	6026.004	2	Jan. 17, 1966	May 7, 1966	16	15	R. Humphrey.
Do	6026 004	3	do	do	16	15	T. Arch.
Draftsman, architectural	6027	1	Nov. 15, 1965	Oct. 22, 1966	49	20	J. Prebys.
Nurse aide	6031	1	Oct. 18, 1965	Dec. 4, 1965	7	20	M. Knott.
Do	6031	2	Dec. 13, 1965	Jan. 29, 1966	7	20	Do.
Do	6031	3	Feb. 7, 1966	Mar. 26, 1966	7	20	Do.
Do	6031	4	Apr. 4, 1966	May 21, 1966	7	20	S. Lekens.
Do	6031	5	May 31, 1956	July 16, 1966	7	20	J. Gian.
Do	6031	6	Aug. 8, 1966	Sept. 24, 1966	7	20	Do.
Auto body repairmen	6032	1	Nov. 8, 1965	Oct 15, 1966	49	20	H. Lane.
Clerk-stenographer	6041	1	Feb. 14, 1966	Oct. 29, 1966	36	40	F. Whiteford, E. Smith, I. Harris.
Machine operator, general	6048	1	Nov. 22, 1965	do	49	20	A. Austin.
Do	6048	2	Jan. 10, 1966	Dec. 17, 1966	49	20	R. Kreps.
Do	6048	3	Feb. 21, 1966	Jan. 28, 1967	49	20	G. Conner.
Do	6048	4	Nov 21, 1966	Oct. 28, 1967	49	20	E. Bowman.
Upholsterer II	6055	1	Aug. 8, 1966	Apr. 22, 1967	37	20	D. Conley.
Programer, data processing	6056	1	Aug. 22, 1966	May 6, 1967	37	20	V. Norris.
Maintenance man, building	6058	1	Mar. 28, 1966	Sept. 10, 1966	24	20	A. Brenner.
Do	6058	2	Oct. 3, 1966	Mar. 18, 1967	24	20	Do.
Automatic heating and air-conditioning serviceman	6061	1	Sept. 19, 1966	Aug. 26, 1967	49	20	D. Smith.
Welder, combination	6072	1	Aug. 25, 1966	Nov. 12, 1966	16	15	T. Arch.
Do	6072	2	Nov. 14, 1966	Mar. 4, 1967	16	15	Do.
Do	6072	3	Mar. 6, 1967	June 24, 1967	16	15	Do.
Nurse aide	7009	1	Feb. 20, 1967	Apr. 7, 1967	7	20	J. Gian.
Do	7009	2	May 1, 1967	June 16, 1967	7	20	E. Carlson.
Do	7009	3	June 19, 1967	Aug. 4, 1967	7	20	Do.
Do	7009	4	Aug. 7, 1967	Sept. 22, 1967	7	20	Do.
Do	7009	5	Sept. 25, 1967	Nov. 10, 1967	7	20	Do.
Do	7009	6	Nov. 13, 1967	Dec. 29, 1967	7	20	Do.
Cook	7018	1	Jan. 30, 1967	July 14, 1967	24	20	T. Rockwell.
Do	7018	2	July 17, 1967	Dec. 29, 1967	24	20	Do.
Clerk-typist	7020	1	Feb. 13, 1967	July 28, 1967	24	20	I. Harris.
Do	7020	2	July 31, 1967	Jan. 12, 1968	24	20	Do.
Auto service mechanic	7021	1	Feb. 6, 1967	do	49	20	J. Whitfield.
Licensed practical nurse	7027	1	Jan. 23, 1967	Jan. 20, 1968	49	20	D. Ummel.
Maintenance man, building	7033	1	Mar. 20, 1967	Sept. 1, 1967	24	20	A. Brenner.
Do	7033	2	Sept. 18, 1967	Mar. 29, 1968	24	20	Do.
Programer, business	7040	1	May 29, 1967	Feb. 16, 1968	37	20	L. Felabom.
Welder, combination	7048	1	June 26, 1967	Oct. 13, 1967	16	15	T. Arch.
Do	7048	2	Oct. 16, 1967	Feb. 2, 1968	16	15	Do.

STATEMENT OF COUNCIL OF CHIEF STATE SCHOOL OFFICERS, AN INDEPENDENT CORPORATION

COMPREHENSIVE MANPOWER LEGISLATION[1]

Mr. Chairman and members of the subcommittee, we appreciate the opportunity to offer views on pending comprehensive manpower legislation on behalf of the fifty-six state and territorial education agencies represented by the Council of Chief State School Officers.

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[1] By Dr. Don M. Defoe, Executive Secretary, Council of Chief State School Officers, April 7, 1970.

At the outset we bring to your attention a resolution adopted by the members of the Council at their Annual Meeting in Phoenix, November, 19, 1969, which reads as follows:

"5. Comprehensive Manpower Training"

The Nation supports a galaxy of remedial manpower training programs, some of which cost as much as $12,000 for every man or woman placed on a job.

Each year thousands of young men and women enter the job market without the skills and attitudes employers require. Add to this the millions of people who are underemployed due in part to an inadequate education.

Out of some 25,000 distinguishable occupations only 20 percent of these jobs required a college bachelors degree or more for job entry. Yet much of the federal, state and even local appropriation and spending for education operates as though *all* students were preparing for jobs requiring a typical 4 year college education.

The National Advisory Council on Vocational Education Report of July 15, 1969 has clearly identified that the reform of American Schools, (with emphasis on the 80 percent of the jobs not requiring a typical college education) will not come about if the Federal government continues to invest nearly $4 in remedial manpower programs for each $1 it invests in preventive vocational programs.

Several legislative proposals now before the Congress, including a bill supported by the Administration, direct that the vast majority of manpower training resources be placed in the Department of Labor which emphasizes remedial programs: therefore, be it

Resolved, That the Chief State School Officers vigorously oppose efforts to give the Department of Labor prime responsibility and prime funds for manpower training for the following reasons:

Under the Manpower Development and Training Act, the Nation's schools have played a central role in meeting our diverse and changing manpower training needs. The schools have led in the development of new mechanism such as skills centers training, occupational clusters, and open-ended programs. They have developed new skills for disadvantaged adults. They have promoted cooperative training with business and industry. They have provided leadership to meet technological change with programs in emerging occupations. They have developed promising new methods and materials to meet the varied training needs of target groups that had previously been ignored. The Congress has emphatically endorsed the success of all these approaches. Many of the innovations developed in MDTA institutional training programs have been adopted by regular school programs.

Despite this successful record administration spokesmen would under the guise of centralization of overlapping programs, ignore the massive investment and statutory responsibility of the schools in favor of developing a separate school system for the disadvantaged to provide him only with the absolute minimum education and training required for a job. Opportunities afforded individuals under this dual system would not be comparable. A short-run manpower program concerned only with placing individuals in entry-level employment is a poor substitute for a successful, long-run, person-centered program of education and training which helps insure future job mobility and the development of the total individual: Be it further

Resolved, That the Council of Chief State School Officers supports the 1969 resolution of The American Association of School Administrators calling for establishment of a Federal Department of Education and Manpower Training: Be it further

Resolved, That the Council affirm its support of the intent of Congress under MDTA in providing for shared departmental responsibility in conducting national programs of manpower education and training.

We have followed some of the testimony and note that several witnesses have reinforced the points stressed in the above resolution. We share their concern over the emphasis in pending legislation toward separation of manpower training from the total education effort and the stress on remedial programs without recognizing that the flow into the undertrained and underemployed pools must likewise be treated. The legislation tends to ignore the programs which are presently working well, and further does not recognize the potential for working with and through the knowledgeable and concerned educational forces.

It appears to us that the current proposals should be amalgamated and modified to recognize at both the national and state levels the need to embrace the expertise and resources of many institutions and agencies in both the public and private sector. A flexible manpower program must have access to a multiplicity of resources and most certainly the U.S. Office of Education and the state education agencies must be made by statute a major part of the enterprise.

The Honorable Roman C. Pucinski recently pointed out that a state manpower advisory council might well embrace the many state elements appropriate to a full manpower program but "all Federally supported education and manpower programs would be administered through the agencies in the state currently responsible for that type of program, service or activity. As in the case of the education component of manpower development, I propose that the State Board for Vocational Education have the prime responsibility."

In subsequent comments Mr. Pucinski emphasizes the integral relationship between vocational education and manpower development and the necessity for the educational component in manpower programs to be administered by the state vocational education agency.

We believe there is a great deal of mert in his viewpoints.

In our opinion legislation which fails to maximize the potential of existing educational agencies as delivery systems for manpower programs and which places primary responsibility in the hands of the labor department and non-educational agencies is not desirable. We trust that the Subcommittee will give serious consideration to substantial modification.

City of Cleveland,
September 22, 1970.

Hon. Dominick V. Daniels,
Chairman, Select Labor Committee,
Rayburn House Office Building,
Washington, D.C.

Dear Congressman Daniels: The City of Cleveland has followed with great interest the progress of manpower and employment legislation in the current session of Congress. No problem has higher priority or is more urgent at this moment than unemployment. The City of Cleveland has been classified as an area of "chronic and persistent" unemployment, and I know that other major cities are also experiencing severely high levels of joblessness.

Committees in both the House and Senate have held extensive hearings on employment problems, including a session in Cleveland held last February by the Senate Subcommittee on Manpower, Employment, and Poverty. Last week the Senate passed S. 3867, Employment and Training Opportunities Act of 1970—a bill containing both a public service job creation program and the beginning of an aproach to comprehensive manpower planning through mayors of major cities.

In this period of weakening private sector employment, a federally financed job creation program is essential to any attack on unemployment. Knowing the careful consideration you and other members of the House have given to employment legislation, I urge you to work for passage this session of a public service employment program and a strong manpower bill.

Sincerely,

Carl B. Stokes,
Mayor.

American Personnel and Guidance Association
Washington, D.C.

APGA Policy Statement on Comprehensive Manpower Legislation, H.R. 13472

Excerpts from President Nixon's message to the Congress, (H. Doc. 91-147) on Manpower Training—*Congressional Record*, Vol. 115, No. 137, August 17, 1969.

". . . Government exists to serve the needs of people, not the other way around . . . . we must redirect our efforts to tailor government aid to individual need . . . . The Nation must have a Manpower System that will enable each individual to take part in a sequence of activities tailored to his unique needs—

to prepare for and secure a good job .... By taking this step we can better help the disadvantaged gain control and direction of their own lives .... The Act which I propose would: .... (5) create a career development plan for trainees, tailored to suit their individual capabilities and ambitions .... We can meet individual human needs without encroaching on personal freedom which is perhaps the most exciting challenge to government today."

President RICHARD M. NIXON,
The White House, August 12, 1969.

The American Personnel and Guidance Association is fully supportive of these statements made by the President. As an association, our primary concern is one of assuring that these goals of expanding each individual's opportunity for choice, protecting freedom of choice for each individual, and increasing the potentiality of wise individual choices be emphasized and highlighted in comprehensive manpower legislation. This task is, in fact, considerably more complex than it appears to be in the following quotation also taken from the President's message:

"A job seeker would tell an employment counselor his training or employment background, his skills and career plans, which could be matched with a variety of available job options. This would expand the potential worker's freedom of choice and help him make best use of his particular talents."

Sixty years of experience in the personnel and guidance movement have clearly demonstrated the task to be much more complex than this. Our movement attempted this simple, direct approach during the depression years of the 1930's. It failed because it did not adequately consider the human factors of interest, motivations and attitudes that so clearly and sharply influence the actions that individuals take.

If the goals of comprehensive manpower legislation are to be attained such legislation must emphasize "man" relatively more than "power." Unless this is done, we run the risk of creating a system under which individual freedom will be restricted by efforts to create and operate a system based only on objective data that can be made to operate in a maximally efficient manner. The purposeful inefficiency that results from letting individuals exercise some control over their own destiny is a price well worth paying for protecting our most valuable possession—freedom of choice for the individual.

Basic Principles To Be Preserved

Two of our primary goals in any comprehensive manpower legislation should be to: (a) Protect the right of the individual to lead his own life and (b) Provide meaningful assistance to individuals that will enable them to increase the wisdom of the decisions they reach. The following principles are essential to attainment of these goals.

Principle I: Career development is a process that begins in the early childhood years and continues into the retirement years for each individual. A comprehensive manpower act must recognize and make provision for this principle. To concentrate concern on only a segment of career development is unwise as national policy and unfair to individuals served.

Principle II: The career counseling needs of persons in our society are continuing ones and demand the services of a community of counselors. In these times of rapid societal and occupational change, the need for availability of counseling, like the need for availability of education, must be viewed in a longitudinal and continuing fashion. Thus, competent counselors must be available in different settings able to facilitate the resolution of human needs and goal directedness as they are found in school and non-school populations, among youth and adults. Those individual counselors serve will move from one setting to another at various points in their lives. Even within a particular community, the individual will move from school to employment to unemployment and back through the cycle at various times in his life. Individual counseling needs will be met only if a community of counselors exists and functions in a cooperative and coordinated fashion.

Principle III: Career decision-making that protects freedom of choice while enhancing wisdom of choice demands the presence of professionally prepared counselors. Good will and good intentions are poor substitutes for good knowledge and good skills. To hurry an individual's decision-making is to restrict his freedom of choice. The supplementation of computer-derived cognitive data with counseling-derived human factors is essential to the formulation and implementation of wise decisions. The presence and active participation of professional counselors is essential.

Principle IV: The effectiveness of counselors demands the availability of counselors within particular environmental settings. To help an individual choose wisely is of little value unless opportunity exists to help individuals implement the decisions they have reached. Counselors, then, need to be employed in schools, in employment service settings, in business and industrial settings, and in community settings concerned with special needs of various portions of the population. To place total responsibility for counseling in manpower legislation in any one of these settings is to create situations that will inevitably reduce the potential for helping individuals implement the decisions they have reached.

Principle V: The effectiveness of counselors depends on their access to a continually expanding body of information based on research. Social conditions and individuals change continuously. To be effective in their work settings, counselors must be aware of these social and individual changes. Opportunities for research and professional upgrading of skills through formal and in-service education are necessary adjuncts to counselor growth. Any comprehensive manpower legislation must have built-in opportunities for counselors to acquire that information and develop those skills which are needed to stay abreast of change.

Legislative suggestions: H.R. 13472

In view of the goals expressed in H.R. 13472 and the basic principles enumerated above, The American Personnel and Guidance Association strongly supports the following as action suggestions for revising the original wording of H.R. 13472.

Suggestion I: The importance of protecting freedom of choice for the individual is so great as to justify a separate title in H.R. 13472 for counseling and guidance. Emphasis on freedom of choice is meaningless unless society provides sufficient alternatives from which the individual can choose. Thus opportunities for choice are a prerequisite to effective guidance and counseling. As originally written, H.R. 13472 has no more emphasis on counseling than on recruitment or selection. This clearly should be corrected.

Suggestion III: H.R. 13472 should be revised so as to make provisions for counseling and guidance in both educational and non-educational settings. In this regard, the present provisions calling for all counseling to be solely under the purview of the Secretary of Labor should be revised so as to involve the Secretary of Health, Education, and Welfare in decisions affecting counseling and guidance services in educational settings.

Suggestion III: H.R. 13472 should make clear and specific provisions for the professional prepartion and training of counseling and guidance personnel. Such training and educational provisions should include a wide variety of support personnel as well as professional counselors. Such personnel are in very short supply today. Currently employed school counselors need upgrading to meet their responsibilities and many more new school counselors are needed. The shortage of professionally prepared counselors is especially acute in the public employment service and community agency settings. Special provisions are essential for the professional preparation and employment of many additional thousands of counseling and guidance personnel for such settings. The most efficient plan would be one incorporating the common core aspects of counselor education for all counselors with special preparation needs of counselors headed toward specific settings.

Suggestion IV: H.R. 13472 should be revised so as to call for specific counseling and guidance services as part of the total operations of a national computerized job bank program. The current emphasis on speed of matching man and job must be combined with concern for the process of helping individuals make decisions concerning jobs with which they are matched.

Suggestion V: H.R. 13472 should be revised so as to make specific provisions in Section 603(a) for the inclusion of counseling and guidance personnel on advisory panels and decision-making bodies at national and at state levels. Such provisions are essential in assuring all concerned that the goals of protecting freedom of choice for the individual will be maintained.

The American Personnel and Guidance Association is fully supportive of both the need and the stated goals of H.R. 13472. Concerns expressed here are designed solely in hope that the Congress will see fit to write and enact legislation that will assure these goals can be met.

UNITED CONTRACTORS ASSOCIATION, INC.,
Baton Rouge, La., June 16, 1970.

Re H.R. 13472.

Hon. DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor, Cannon House Office Building, Washington, D.C.

DEAR CHAIRMAN DANIELS: The United Contractor Association Inc. wishes to go on record and offer testimony opposing the insidious abrogation of Responsibility to the Federal Labor Department and the several States as proposed by the above.

The U.S. Labor Department, Hon Geo. Schultz. Secty, has and is continually violating the Civil Rights of Americans in work opportunity and Apprentice training on Federal Funded construction projects by continually refusing parallel apprenticeship to the thousands of young men who do not wish to become a part of the Labor Unions now in control of such Apprenticeship.

The U.S. Labor Department continually violates the Civil Rights of thousands of young men by their continued favored treatment for a small portion of the work force by making Draft Deferment eligibility available only to AFL-CIO Indentured Apprentices, denying such availability to all Americans regardless of race or color not so affiliated.

The U.S. Labor Department is enforcing Mandatory Inflation in the Construction Industry by requiring Federal Funded Construction Contractors to defer to local AFL–CIO Union Work Rules in their restrictive ratios of Mechanics to Helpers. thus denying opportunity to work and apprenticeship training to the thousands of young men who do not wish to belong to the AFL–CIO.

I am enclosing address copy and factual documentations charging the U.S. Labor Department, Hon. Geo. Schultz. Secty. in deliberate violation of Executive Orders of the President of the United States in their continued denial of apprenticeship, their discrimination, and their denial of the rights of young men to Draft Deferment eligibility.

Enactment of this legislation as we understand it would result in one of the greatest concentrations of power in the Hands of a Bureaucratic Minority which represents less than 20% of the work force.

We would be remiss then opposing not to propose a more acceptable alternative. There is no question that the multifarious training programs of the several agencies do need consolidation and simplification without abrogation to a political demogorgon such as in existence here in the State of Louisiana.

We propose that the placing of the administration of the Apprenticeship and Training Programs in the Department of H.E.W. since it is an Educational relationship of the American People, would remove the Bureaucrats who are AFL-CIO Controlled and Oriented in the Labor Department who are strangling the economy as set forth in the enclosed Address Copy, while yet refusing to delegate a sell out to the several Governors a potential monster of political patronage far worse than it now is which is a shame and disgrace.

We trust the good judgment of the gentlemen who pass on this nefarious piece of business will become paramount and the best interests of the American people of all kinds, Union—Non-Union or what ever will be preserved and this infamous proposal be rejected.

We offer our services in testimony and witness.

CHARLES W. COX.
Executive Director.

FREE ENTERPRISE IN THE CONSTRUCTION BUSINESS OR MANDATORY INFLATION

TEXT OF AN ADDRESS DELIVERED AT THE LABOR RELATIONS COUNCIL OF THE UNITED STATES CHAMBER OF COMMERCE IN NEW ORLEANS, LA., MARCH 23, 1970, BY MR. CHARLES W. COX, EXECUTIVE DIRECTOR, UNITED CONTRACTORS ASSOCIATION, INC., BATON ROUGE, LA.

Mr. Chairman, gracious hosts: We are appreciative of the privilege of bringing our views, convictions and some of our achievements in the hope that others may benefit and that each of you may with the tools at hand, begin a second reconstruction that this country sorely needs. If a pipe fitter who never finished high school can make thirty-thousand dollars a year, do you wonder why a college graduate who teaches your children and makes less than six-thousand a year is not satisfied and is in turmoil? So are the other wage earners, not so privileged.

You will see exposed here this afternoon one of the biggest sins, injustices, and rank discriminations that has been foisted upon the American People and is directly related to the seventy-five cent dollar—called Inflation.

The Industrial Revolution has been going on for several hundred years—but we are primarily concerned with that Blackest of Days in Modern Construction History when President Franklin Roosevelt made an unholy alliance with Sidney Hillman, who was in the clothing business and sold the Birth Rights of over 80% of the work force and ruled out of order construction forces not affiliated with the AFL–CIO in the manpower compact of that sad day.

A return to moral and governmental integrity, respect for the law, and most important of all, respect of the rights of others is long overdue.

We believe in God and the right of every man to worship his Creator according to the dictates of his own heart.

We believe in the right of a man to choose the political party he believes will serve the country well—not for his personal enrichment but for the greater good of all citizens, and therein lies the fine line of distinction between a free enterprise system and Mandatory Inflation.

When a federal grant for construction projects by H.E.W., H.U.D., and other federal agencies compel a work force to comply with AFL–CIO Local Union Work Rules, it is Inflation.

When I say inflationary, I mean exactly that, we do not need wage controls, what we do need is impartial administration and removal of the discrimination now existing in the labor department itself. Mandatory requirements which are little known but most inflationary and a major cause of inflation in the construction industry, which is over eighty-five billion dollars a year—are the AFL–CIO Union made work rules which have been upheld by various agencies and written into aid grant requirements, an analysis of which, will reflect the following relative terms, depending on the craft involved. Namely, by establishing equal work crews for comparison we can readily see why the concept, work rules, discrimination and restriction in training programs is unfair and highy inflationary.

We need look no further than this balance sheet. Under Local Union AFL–CIO Work Rules and Rates for Iron Workers, a crew setup is as follows:

	Per hour
Journeyman	$5. 325
Foreman, add	. 25
Pension fund, add	. 25
Welfare fund, add	. 15
Apprenticeship fund, add	. 01½

Or put another way:

1 Foreman @ $5.325 plus 0.25 plus $.15 plus 0.01½ hr	$5. 84
7 Journeymen @ $5.325 plus 0.15 plus 0.10 plu 0.01½ (7 × $5.59)	39. 13
1 Apprentice @ 80% of Journeyman (80% × $5.59) (permitted only after 8 men are working)	4. 47
Thus, an AFL–CIO crew would cost each hour	49. 44

Or an average man hour cost $\frac{\$49.44}{9}=\$5.49$ with only 8 men working.

We do have a choice——

Under our agreement with Allied Federation of Unions, a contractor can work his jobs under the following composition in order to secure an equivalent crew structure.

1 Foreman, if he wishes @ $5.32 plus 0.25 plus 0.10 vacation and insurance	$5. 67
1 Journeyman, if he wishes @ $5.32 plus 0.10 vacation and insurance	5.42
7 Craftsmen (We are denied apprenticeship by the Labor department in Washington, so we call them Craftsmen) @ 45% of Journeyman rate=$2.39 plus 0.10 vacation and insurance	17. 43
Thus, an UCA–AFU crew would cost each hour	28. 52

Or an average man hour cost $\frac{\$28.52}{9}=\$3.17$

Percentage wise it figures like this:

$\frac{\$5.49-\$3.17}{\$5.49}=\frac{\$2.32}{\$5.49}=42\%$ more or a definite inflationary factor forced upon the American people by the Federal Labor Department, H.E.W. and other agencies in Washington.

Requirements of the AFL–CIO work rules by federal grants, restrictive covenants on apprentices by federal and state labor departments and the present and past record of the N.L.R.B. in the manifest usual AFL–CIO—pro-union, anti-management bias—have reduced procedures to a shadow of what Congress intended, as testified by Fred A. Hartley, Jr., co-sponsor of the Taft-Hartley Act of 1947.

I herewith quote a letter to Secretary of Labor Schultz containing several statements which he has not denied as of this date and questions pertinent there to which he has declined to answer.

Here is the letter.

Dear Mr. Schultz: Preparation of material for an address requires specific answers to in depth questions, answers to which by you will be required, namely:

Statement: The Federal Government defers to Council States in Building Trades Apprenticeship programs in composition of Joint Apprenticeship Committees now composed exclusively by AFL–CIO political appeintees who restrict apprentices to a local AFL–CIO Union Work Rule.

Question: Does the Labor Department intend to terminate this injustice which is highly inflationary and a violation of the Civil Rights Act in its discrimination and maintenance of Council State status?

Statement: The Federal Government defers in the political appointment of AFL–CIO Joint Apprenticeship Committees in Council States and allows such AFL–CIO Indentured Apprentices approved by the Labor Department in Washington to become eligible for Draft Deferment—which status is denied young men not affiliated with the AFL–CIO, this is discrimination in its rankest form.

Question: Why does not the labor department in Washington answer inquiry about this nefarious practice and when does the Labor Department intend to require equity in Joint Apprenticeship Committees which are now in violation of the Civil Rights Act, which affects Draft Deferment?

Statement: Mr. Hugh Murphy, a member of the AFL–CIO, bricklayers Union, a democrat hold over, who is now temporarily holding the appointment of Administrator of the Department of Apprenticeship and Training wrote on April 26, 1968, that there is no appeal from any decision that any local Building Trades Joint Apprenticeship Committee renders.

Question: How much longer does the Labor Department intend putting up with such nonsense as when a State Joint Apprenticeship Committee denies an apprenticeship program to a contractor-union group seeking such paralleled apprenticeship programs that is not AFL–CIO affiliated, on the grounds that there shall be only one apprenticed group in a state?

Statement: Mr. C. J. Hagerty, National President of the AFL–CIO Building Trades Department stated at their recent convention in Atlantic City, that the AFL–CIO was not about to turn control of the Federal Apprenticeship program to any other group, and Mr. George Meany, AFL–CIO President state in Bal Harbour, executive council that the AFL–CIO would never change the Building Trades Apprenticeship concept and control.

Question: If this is not true, or silence gives consent or acquiescence why has the Labor Department not denied this and enforced the law relative to publication of information on formation of classes of apprentices and mandatory equalization of opportunities for all young men in the Apprentice Program and work opportunity?

Statement: Other Federal Agencies such as H.E.W. issue mandates that only those persons indentured in State and Federal Labor Department approved Apprenticeship Programs can work on such Federal Funded Construction programs.

Question: Does the Labor Department intend to continue the mandatory compliances with local AFL–CIO Union made work rules regulating the number of trainees or apprentices that can work on such jobs which are Public Funded?

We will appreciate an early reply and can only state that even after Mr. Hall of Mr. Weber's office came to Louisiana twice in recent months, we have had employees told they could not get indentured because they were not members of the AFL–CIO.

The silent majority pleads for relief.

Mr. Shultz, when I use the word temporary in reference to Mr. Murphy in a paragraph above, I mean exactly that—as a fellow Republican who has from the depths of his heart and conscience offered to serve the Nixon Administration in any manner that I can to relieve these inequities, I simply just do not believe that President Nixon will allow such undemocratic, unfair, and patent discrimination to remain.

The American Republic is a great nation of sportsmen of all kinds—great because of a basic concept of fair play.

Why don't each of you ask of your representatives in Congress why the Labor Department has not answered the following letter.

The letter:

Re: Discrimination in Apprenticeship and Civil Rights Violations.

DEAR MR. WEBER: May we again point out to you and again plead for relief from the Bureaucratic Democratic AFL–CIO hold-overs in the Labor Department in their continual and wilful violations of the rights of the American people for the expressed advantage of the AFL–CIO.

The most damnable of all and why and under what criteria does the Louisiana State and Federal Departments of Labor—whose hands are bloody in this aspect, permit local and state Joint Apprenticeship Committee in their administration of the discriminatory apprenticeship programs permit only AFL–CIO members to be deferred by draft boards in their refusal to permit deferment only to their select group in the Building Trades.

The Louisiana Governor himself is not without guilt in his abdication of his responsibility to all the people, this also goes for the administrator, regional, State, and federal representatives in the Apprenticeship Department of the U.S. Department of Labor, H.E.W. and any and all federal agencies who by their indifference fail to comply with the Civil Rights Act and executive orders of the President in equal opportunity in employment and apprenticeship.

We again ask for the immediate decertification of all apprenticeship programs until corrections are made in personnel, administration review officers, and joint apprenticeship committee composition in each and every state of the Union.

We ask this question, "How many casketed flags are tearfully put away on behalf of discriminated young men, who would have made good apprentices and trainees if they had only been given half a chance?"

The only measure of consequence is this very simple one—"Is the Apprenticeship Program as presently administered, fair?" It is not!

A reply to this letter was never received.

May I point out to you that on May 9, 1969, a formal request was made for an impartial compliance review of discrimination by the Federal Labor Department—and that those officials responsible be removed.

This request was made by the Chairman of the Labor Relations Committee of the Republican Party for Louisiana.

I herewith quote:

Re: Deliberate and Intentional Violations of Executive Orders of the President of the United States: Executive Order No. 11246 and Order No. 11375.

The mere fact that you delegated this responsibility to those very persons who aid and abet such violations does not in itself lend credence to our efforts to make the Republican party a fair and impartial choice for all Americans who love and respect the law.

We therefore make formal request that these compliance reviews be made by others than those bureaus and agencies that administer such programs as the apprenticeship, and other federal agencies due to the past and present record of discrimination.

We further request that the Administrator, all Regional Directors and Field Representatives of the Office of Apprenticeship and Training of the Office of the Department of Apprenticeship of the Office of the Secretary of Labor be immediately removed for cause—civil service status not-withstanding—for their continual and past violations of Executive Orders of the President of the United States, their actions not being conducive to fair and equal oportunity to work and apprenticeship training opportunities.

The present Administrator of Apprenticeship and Training, Mr. Hugh C. Murphy, makes a farce out of your letter and position when he stated on April 28, 1968, that there was no appeal from the Louisiana State Apprenticeship Council

Decision—all political Democrat appointees and affiliated directly or indirectly with the AFL–CIO.

In your letter you wrote that you were charged to protect the welfare of the apprentice under the Fitzgerald Act—may I call your attention that conversely you are also charged to protect the welfare of those who are denied their rights to full participation in federal apprenticeship programs and rights to employment on federal funded projects in which the Louisiana apprenticeship and federal apprenticeship administrators are now maintaining in a privileged status. The record shows that the only preservations the Louisiana and Federal Apprenticeship programs are maintained are those sacred cows of the Democratic-big labor power structure who continue to add fuel to these summers and winters of discontent of the second class citizens of the Republican party, the blacks, minority groups and other Americans not affiliated with the Democratic-big labor power structure, so long entrenched.

For example—ratios of apprentices to mechanics are held to a particular union work rule—and not in accord with the total work force—when President Nixon registered for law school, was he told that there were too many lawyers? The quota system of selection is morally wrong, and a violation of the American concept of free enterprise.

Did your analyzers tell you how many blacks? How many not affiliated with AFL–CIO Unions? How many independent unions are denied apprenticeship in building trades? This is discrimination in its rawest form.

Did your analyzers tell you how many persons had to pay permit fees or tribute fees to an AFL–CIO Union in order to work on federal funded projects? Did your analyzers tell how many young men, ready, willing and able to work are denied the right to work on federal funded projects because of a made work rule of a labor union that requires an apprentice to be indentured to a state and federally approved apprenticeship program set up in accordance with a local union work rule that is upheld, supported, endorsed, and restricted to a favorite few by the federal labor department?

No one has to be a very imaginative student of economics to understand what happens to the national economy when an absolute monopoly is maintained and fostered by the State and federal labor department and the pitiful tragedy is concurred in by those who govern us, regulate us, tax us, aid and destroy constitutional government. These same violators of the executive orders of the President of the United States continually contrive to perpetuate the discrimination which is so prevalent in employment and apprenticeship.

From a school counselor's point of view, and I quote, "It is a frustrating experience for many years to have boys who need technical guidance and experience in building trades apprenticeship programs seek help and have no place to send them. I can think of no program so much needed to aid young men than apprenticeship training and programs which should be available to all boys, provided the selection is done by a committee composed of vocational guidance trained personnel, and not by persons who are controlled by a particular labor union."

And now let us look a bit further in depth into this sorry bureaucracy of the AFL–CIO which has a strangle hold on the Democrat AFL–CIO holdovers in the several federal agencies.

Let each of you secure a copy of a statement by Samuel J. Simmons, Assistant Secretary, U.S. Department of H.U.D. Release of September 25, 1969, from which I will take out of context the following significant statements and indictments.

Namely: As a result of an investigation of a construction project with federal funds—H.U.D.

"The present manpower utilization system prevailing in the construction industry makes it next to impossible for even the most creative and just employer to consistently provide equal employment opportunity. There has to be major institutional reform of the system. New methods of recruitment, training, and referral have to be developed and implemented."

* * *

"The obligation to provide equal opportunity must be effectively administered with respect to all work of any contractor who has a government contract and not be limited to federally financed and assisted projects. The Federal Government should cease to be a passive participant in terms of training or certification of persons in the construction industry.

* * *

"On all direct and federally assisted construction the government must require an alternative to the present union controlled apprenticeship training system and set goals for the number of persons to be trained."

* * *

"Control of the training system cannot be abdicated to the union, or to unions and management. The Government must be an active partner. The training program must also provide for the adequate involvement of majority and minority group-general and subcontractors, unions, and minority group communities."

"These standards should apply regardless of whether or not the individual is a member of a union."

* * *

"The Judge found that both the General Services Administration and the Bureau of Apprenticeship and Training of the Department of Labor directly and significantly made possible and aided in the perpetuation of the Joint Committee and Union's discriminatory policies."

* * *

"Court suits, training programs financed by the Department of Labor, informal efforts at mediations urged on and supported by Government officials at the highest level have all been tried. All have failed to produce meaningful adjustment to the situation."

* * *

"At this late date the credibility of the Federal effort can be established only by the application of sanctions."

And now after close, in depth analysis of what the bureaucrats of the AFL–CIO controlled Labor Apprenticeship program are doing to the economy—perpetuating inflation—do we lay down and play dead?

Do we keep beating our heads against a brick wall because it feels good when we quit?

We do not!

There are many who are not taking this sort of thing.

Consider the recent case in New Orleans of a Federal Judge's decision in an AFL–CIO internal fight in the Asbestos Workers. Judge Christenbery ruled that a man had to have only a tenth grade education and reach the age of 28 to be eligible, and he forced upon the membership from a family or near blood relationship and apprentices to a more equitable distribution, with minorities specifically provided for.

This after a four-year fight.

What youngster has the years, the money, and the expertise to cope with the bureaucrats?

It takes men of courage, integrity, fortitude and a believer in the rights of all men.

Such men are found in the Associated Builders and Contractors, National Federation of Independent Unions, United Contractors Association and others.

Today is the first day of the rest of our lives.

What have we wrought?

We have a handiwork as follows: a purely industrial-master contract covering all building trades, without the made work rules or jurisdictional disputes that plague the nation.

Any astute observer can easily conclude that the AFL–CIO system of construction contracting and the futile Louisiana efforts to correct the rampant abuses of this system such as the "Memorandum of Understanding", the "Labor Management Commission of Inquiry", and other such nonsense is a continuing exercise in futility and frustration.

It is only until plant ownership and management insist on and obtain free competition between Building Trades Unions and contractors will any appreciable change for the better take place.

Our contractors do not participate in Bid Depositorys, Pre-Bid Registration requirements or other avenues to a possible violation of the Sherman Act.

If you as management representatives wish to put a stop to the chaos upon us, you can, and we will help you get started.

Membership in our Association is held by General Contractors, Sub-Contractors; all with equal vote in the Administration of our affairs through a Board of

Directors. Upon becoming a member, a Contractor is automatically placed under the protection of the N.L.R.B. and is in the best legal position we can devise for those contractors who believe in the Right to Manage and the Right to Profit, and not become affiliated with AFL–CIO.

On December 24th, 1969, we signed a second two-year contract with the Allied Federation of Unions, Affiliate of National Federation of Independent Unions, of Washington, D.C. This is a Pre-Hire Contract.

We do not have a hiring hall or referral system—we may employ whom we feel is best qualified from wherever we may obtain men.

We have seven days to determine the new employees qualifications, and he does not acquire seniority status until after thirty days employment.

There are no areas of contention—we may employ a man in any area or class of work, from beginning to end of the job, whether it be Laborer, Iron Worker, Carpenter, Painter, Roofer, Electrician, Plumber or whatever work he can qualify as long as we pay the rates specified for that particular class of work.

There are no mandatory ratios of mechanics to helpers, enforced supervisory personnel, or other such nonsense, placing us and our valued customers at the whim of a business agent.

This agreement is effective in all places in the United States except those states which provide otherwise.

Workmen who are denied their lawful rights by those government bodies such as Louisiana which operates a quota system on the indenturing of apprentices (which takes five years) can be turned out in four years or less if he can qualify. A workman can increase his worth at any time by his own efforts.

This contract provides for State Wide Highway and Heavy Construction Contract Work Maintenance, as well as National Construction Work not otherwise covered.

Our Fringe Benefits are nominal—one weeks vacation with pay after a years continued employment—hospitalization—life insurance, etc., available to employees who remain in good standing with the Union.

There are thousands of non-AFL-CIO Union members engaged in highway, heavy construction, and building trades work for contractors who run their own business without the hazards of a hiring hall and referral system.

It therefore follows that in this highly competitive industry with its highly intricate and interdependency upon various federal restrictive union monopolies and political aspects, no contractor can best operate without availing himself of the freely offered assistance and council of his fellow contractors who believe as he does and offer to unite with him thus giving him strength, he will not be standing alone and have open season declared on him by the AFL-CIO-Democratic Power Structure.

We have won N.L.R.B. decisions and Civil Damages plus Court Cost in Federal District Court against AFL-CIO Unions who engaged in secondary boycotts by picketing our jobs, such action is illegal.

We cite the following:

Case: U.S. DC. CA-NO. 11529 Western District of Louisiana, Monroe Division.

Case: Bricklayers, Masons and Plasterers International Union, Local No. 5, AFL-CIO. Case No. 15–CC–318 in which this AFL-CIO group entered into a settlement agreement rather than admit they violated the law. Resulting AFL-CIO Union Members and Independent Union Members with whom we are affiliated continue to work side by side.

Case: N.L.R.B. Case Nos. 15–CA–2648—1.2—Union v Ben's Inc., an arbitration case.

Our people work side by side and on the same job with other AFL-CIO Craft Union Subcontractors or as prime Contractors.

Those of you desiring further information and specifics on these cases—have your attorney contact recommended legal counsel who have experienced these matters.

The field of Labor Law is one of the most intricate and involved you will ever encounter. The man who attempts to be his own lawyer has a fool for a client.

One highly significant case recently won by one of our members was Reliance Electric in the City of New Orleans against Local 130 IBEW, an AFL–CIO Union.

We do not promise absolution, but we try to put a contractor in the best legal position he can attain.

And now, what can each of you do as an individual and representative of a silent majority?—Take back to your community a positive plan for action.

Verify the statements made here today—this cancer is nationwide and infests every community.

Become involved. Do something about it!

Insist that the President's Executive Order be complied with.

Why accept bids or sub-bids from bid depositories?

What is wrong with a taxpayer's suit to achieve equity?

Eighty per cent of the high school graduates in Louisiana are not prepared for the business of making a living. State Superintendent of Education Dodd all but admitted that his department is a failure.

What is wrong with the Vocational Education programs in Europe? Why not apply those same techniques here. We surely need them!

The same thing about public officials that refuse to act. You have no one but yourself to blame. Why not recall them?

This generation gap is no different from that of past decades. We thank our ancestors for Nader's Raiders, the young militants in the streets and on campus, some good will come. They will soon be running the country, perhaps this establishment will be motivated out of its smug complacency.

Inflation begins at home with each of you, with your failure to act on known causes, failure to really care, failure to realize that we are still in the Dark Ages in our relationship with each other.

Find out why President Nixon's New Construction Collective Bargaining Commission has only AFL–CIO Unions and Related Contractors who have contributed to this fiasco? Where are the Non-Union members and Contractors? Where are the Independent Unions and Contractors? Who is kidding who?

Politics is a compromise art but aren't you tired of your rights being compromised away by less than 20% of the Work Force and the Federal Labor Department?

Do you really want the Federal Government to further add insult to injury by turning over the training programs to the several governors with their obvious political overtones and control by the AFL–CIO which is what would happen here in Louisiana?

We think not!

Do you think $1.42 is too much to pay for a cup of coffee? This price has purposely been made low. Actually you are paying much more.

The saddest day in the life of any man is when he tries to get a dollar without honestly earning it!

COST TO EMPLOYER FOR 5 MEN

You are—	Cost to boss [1]	Total [1]
1. Late for work (15 minutes)	$0.71	$3.55
2. Knock off early (15 minutes)	.71	3.55
3. Unnecessary time for foreman (15 minutes)	.71	3.55
4. Delaying fellow workman (15 minutes)	1.42	7.10
5. Loafing on job (15 minutes)	.71	3.55
6. Shooting the bull (15 minutes)	.71	3.55
7. Waste of materials ($5)	5.00	25.00
8. Too many coffee breaks (30 minutes)	1.42	7.10
Cost to boss per day	11.39	56.95
Cost to boss per week	56.95	284.75
Cost to boss per month	227.80	1,139.00

[1] Based on average of $2.85 per hour.

Note: Cost to boss per year (average of 1 man), $2,619.70. Cost to boss per year (average of 5 men) $13,098.50.

To the above add social security—worker's compensation—liability insurance—unemployment compensation, etc. (app. 15%)

Pass it to the owner—if all could be passed to the owner in our bids—you don't get the work—who gets it? Our competitor that has the production to get the job done.

We hope this has been informative and herewith extend an open invitation to each of you to avail yourselves of our experience. We will go anywhere.

Phillip Sidney once said many years ago, "I will find a way or make one."

We have shown you a way.

STATEMENT ON BEHALF OF THE AMERICAN APPAREL MANUFACTURERS ASSOCIATION

(By Ellis E. Meredith, Executive Vice President)

This statement is submitted by Ellis Meredith, Executive Vice President, on behalf of the American Apparel Manufacturers Association located in Washington, D.C. Our Association is the major trade association for the apparel industry, representing approximately \$9½ billion in domestic apparel production sales at wholesale and employing more than 600,000 in 43 States.

As you and the other members of the Subcommittee know, our industry is the only industry in the United States which is excluded from any participation in the use of Federal supplementary training funds under MDTA, ARA, EOA, and the JOBS Program of the NAB. This exclusion is not, in any of these instances, based upon the appropriate statutes but rather upon "legislative history."

We hope we could persuade the major unions in our industry that their support of the industry's exclusion was injurious to the National Policy of turning welfare rolls into payrolls; that the industry was, and still is, fully prepared to work with them, as well as Congress and the Administrative agencies concerned, in an effort to develop whatever additional guidelines may be necessary to allay their concerns; and, finally, that this exclusion of our industry—theirs and ours, Mr. Chairman—made the employees and the employers of this industry—the only industry so excluded—a "second class" industry, an image we do not believe is justified, and which we would hope they do not believe is justified.

We have been unsuccessful in repeated attempts to arrive at any meaningful understanding with the unions and it is only because of these repeated failures that we are now coming to you and to the Congress alone, without the support of the unions in this industry, to submit what we believe to be a well-reasoned and well-researched case for the re-consideration by the Congress of its intent in this regard.

We believe our case is a very persuasive one and one which should be reflected in the report of this Subcommittee hearing as a recommendation for the removal of this exclusion. I hope our examination of the "legislative history" in this matter will prove beyond any reasonable doubt to this Subcommittee and to the Congress that this history is not supported by the facts and should be reconsidered immediately.

If this exclusion is lifted, I have been advised by the Chairman of the Association's Task Force JOBS Committee in a recent conversation that in his judgment our industry could provide employment for as many as 25,000 hard-core unemployed within the next two years.

It seems appropriate that this Subcommittee's consideration of the "Manpower Training Act of 1969" should be the forum for such reconsideration and we are grateful for this opportunity to present our case to you.

EXECUTIVE SUMMARY

The Apparel Industry has been excluded from obtaining Federal training funds from any of the Manpower programs by "Legislative History" which is based substantially on invalid assumptions. The Apparel Industry is *an*, if not *the*, ideal vehicle for the implementation of the National policy of finding ways and means of solving the problem of unemployment in the economically disadvantaged groups.

The argument that the Apparel Industry needs to give its workers only minimal training is not valid, since the Industry in 1968 trained its own workers at an average cost of \$1,200 in make-up pay and another \$600 to \$800 in overhead. This makes the total cost of replacing a successful operator \$1,800 to \$2,000. Today (1970) this cost is \$2,000 or more. The skill level required for continued employment in the Apparel Industry is quite high, and up to this time the only place the skill can be learned is within the Industry. There are no other training grounds such as Military Service or Educational Institutions.

It has been argued that the Apparel Industry employer traditionally provided on-the-job training, and was therefore not entitled to training funds. Apparel employers have had no choice but to train their employees, but there is no reason why they should be required to pay for the extra expense needed to bring hard-core unemployed up to the learning level of other trainable people.

The assertion in "Legislative History" that there exists a substantial number of experienced apparel workers who are presently unemployed does not agree with the expressed need for apparel workers voiced throughout the Industry. A shortage of power machine workers in the Apparel Industry cost manufacturers in some areas millions of dollars in lost orders. There is no pool of trained apparel workers who are currently unemployed.

The "run-away shop" argument used against the Apparel Industry in an attempt to exclude it from training funds does not hold up in the light of logic. It is not economically feasible to continually relocate apparel manufacturing capacity in order to obtain funds to train at most only 25% of the work force. The "Legislative History" averred that competitive advantage would be given to one area over another if training funds were allowed for apparel manufacturers. This infers that some manufacturers would stay in one area only so long as they could obtain training funds and then move to another in order to re-establish eligibility for funds. The high costs of such activities would make production costs uncompetitively high for the man on the move.

The gist of all legislation providing training funds after the Manpower Development and Training Act of 1962 is clearly directed toward providing employment opportunity by assisting in the training of persons who had heretofore been unemployable because of a lack of adequate education, a lack of work orientation, and a lack of confidence in their own capabilities. The Federal Government wants to turn welfare rolls into payrolls and recognizes the extra training required to turn these people into successful employees.

The Apparel Industry is located in those areas which contain the bulk of the hard-core unemployed in this country. Through the use of training funds it would be possible to take advantage of entrepreneurial as well as production skills in the ghetto, since one of the most important costs of starting an apparel plant is training people who have never worked in the Industry before.

The "Legislative History" grew up around the Manpower Development and Training Act whose main purpose was retraining workers whose jobs were no longer needed in the economy. The manpower legislation since that time has focused on training the hard-core unemployed who have no skills of any kind. It is not fair to the Apparel Industry or to the economy as a whole to allow "Legislative History" relating to one type of legislation to prevent the Apparel Industry from contributing its unique qualifications to training and employing the hard-core unemployed.

INTRODUCTION

The anomalous and unique history of the exclusion of the Apparel Industry from any participation in the use of Federal supplementary training funds under MDTA, ARA, EOA, and the JOBS Program of the NAB is an intriguing illustration of Government action defeating National policy at the behest of special interests which profess to support National policy. The National policy of the United States has long been committed to finding ways and means of solving the problem of unemployment in the groups that are economically disadvantaged. This includes providing jobs and job opportunities for ghetto inhabitants and hard-core unemployed; the encouragement of the creation of jobs in localities where unemployed people live so as to lessen the migration to the ghettos from rural and semi-rural communities; the encouragement of black and other minority capitalism with the view of breaking up the hopeless cycle of welfare existence which has virtually continued from generation to generation based upon a lack of training for, lack of availability of, or assistance in obtaining jobs and job opportunities.

As President Nixon stated in his recent Manpower Training message to Congress (*H.R. Document No. 91–147, 91st Congress, 1st Session, 1969*):

"A job is one rung on the ladder of a lifelong career of work. That is why we must look at manpower training with new eyes: as a continuing process to help people to get started in a job and to get ahead in a career. . . .

"Manpower training, in order to work on all rungs of the ladder, requires the efficient allocation by private enterprise and government of these human resources. We must develop skills in a place, in a quantity and in a way to ensure that they are used effectively and constantly improved. . . .

"Manpower training is central to our commitment to aid the disadvantaged and to help people off welfare rolls and onto payrolls. . . ."

The Apparel Industry, which has been effectively barred from participation in these Federal programs and will continue to be barred unless some patent misstatements (which will be discussed hereinafter) which have become part of the "legislative history" of the programs for the use of the Federal Supplementary Training Funds, are corrected, is an Industry which is *an*, if not *the*, ideal vehicle for the implementation of this program.

In the years since 1961, when President Kennedy first sent to Congress his proposed legislative program to initiate Federal subsidies for the purpose of retraining, and in the subsequent legislative enactments thereafter broadening and varying the theme, the Apparel Industry has been effectively deprived of any opportunity to utilize these Federally-financed supplementary training vehicles to help in the accomplishment of the National goal of substituting payrolls for welfare rolls.

It is first appropriate to examine the status of the Apparel Industry in the United States. The Bureau of Labor Statistics in a recent bulletin entitled, "Labor in the Textile and Apparel Industries" (*BLS No. 1635, August, 1969*), summarized the nature of the Apparel Industry, its scope and size, and its area distribution, and put into proper perspective the status of this Industry as an employer in the economy of the United States. This is best accomplished by certain significant paragraphs in the ***Summary*** of the Labor Department's Bulletin which precedes the details of the study.

". . . . Textiles and apparel are among the oldest manufacturing industries in the United States. Together they employ a significant fraction of the industrial labor force. Each industry consists of a comparatively large number of firms and establishments which are widely dispersed geographically. Either separately or in combination, the two industries account for a sizable proportion of factory employment in numerous small- and medium-sized communities. Employment in apparel is relatively important in several major metropolitan areas. In the United States market, both industries operate generally under conditions of intense product competition, including competition from imported yarns, fabrics, and garments from many parts of the world . . .

During 1968, the textile and apparel industries combined employed an average of 2.4 million workers—985,000 in textiles and 1,417,000 in apparel. The two industries together accounted for about one-eighth of all manufacturing employment.

Employment trends in the two industries differed significantly during the postwar period. Between 1947 and 1968, employment in textiles fell by 24 percent, with most of the decline occurring by 1958. The rate of decline slowed between 1958 and 1963 and was reversed in 1964 under the stimulus of rapid national economic growth. In the case of apparel, employment was almost 23 percent greater in 1968 than in 1947, with much of the increase occurring after 1961. In manufacturing as a whole, employment was about 27 percent greater in 1968 than in 1947 . . .

The apparel industry is somewhat less concentrated regionally than the textile industry . . .

Regionally, about 46 percent of apparel employment in 1968 was in the Northeast, 36 percent in the South, almost 11 percent in the North Central States, and the remainder in the West. Apparel is more of an urban industry than textiles. It is, of course, a major source of factory jobs in New York City, and a significant source of employment in a number of other large communities. However, about one-third of apparel employment is found in nonmetropolitan areas. In fact, apparel accounted for more than 15 percent of all factory jobs in the nonmetropolitan areas of six states: Pennsylvania, Missouri, Georgia, Tennessee, Alabama and Mississippi.

The two industries combined account for a very high proportion of all manufacturing jobs in some States. In South Carolina, for example, about 58 percent of manufacturing employment is found in these two industries; in North Carolina the proportion is almost half. Even in the industrially diversified State of New York, textiles and apparel combined provide more than 18 percent of manufacturing employment.

Establishment size

Both industries consist of large numbers of establishments—in 1967, textile establishments numbered 7,083 and apparel establishments 25,498. The two industries combined accounted for about 11 percent of all manufacturing establishments . . .

In 1967, 46 percent of the workers in manufacturing were employed in establishments with 500 or more employees. . . . Almost 38 percent of the workers in apparel were in establishments with fewer than 100 employees; the proportion for textiles was approximately 15 percent. Very small establishments are numerous in both industries. In textiles, 37 percent of the establishments employed fewer than 19 workers; in apparel, 49 percent of the establishments were in this employment-size class. The proportion of total employment in these small establishments, however, was only 2.3 percent in textiles and 6.4 percent in apparel. . . .

In recent years, the employment of nonwhites has been proportionately greater in apparel than in manufacturing generally. Between 1962 and 1968, nonwhite workers increased from 9.3 to 12.7 percent of apparel employment—a somewhat slower rate of increase than in textiles but greater than for all manufacturing. Preliminary data for early 1969 indicate that the nonwhite employment ratio continues to grow. In some labor markets, the apparel industry employs large numbers of workers of other minority groups, notably Puerto Ricans in New York City and Cubans in Miami. By state, nonwhite employment in 1966 ranged from 4 percent in Tennessee to 16 percent in South Carolina. The rate was 10 percent in New York.

Sex.—The employment of women in both industries is relatively much greater than in manufacturing as a whole. In 1967, women constituted about 45 percent of the labor force in textiles, compared with approximately 27 percent in all manufacturing. The proportion of women employees in apparel is extraordinarily high—almost 80 percent. The occupational requirements of these industries are such as to make each a major source of factory employment for women. . . .

In apparel, the scope for technological improvement and innovation appears more limited than in textiles. The industry's expenditures in recent years for new plant and equipment, although increasing, have been among the lowest per production worker among manufacturing industries. Research and development expenditures are on a small scale. The technology of apparel manufacture is comparatively simple and highly labor intensive. The capital-labor ratio in apparel, based on 1963 data, was about one-half of the ratio for textile mill products and about one-fourth of the all manufacturing ratio.

While intense competition results in severe pressure on costs, advances in mechanization remain difficult for the typical apparel firm. The tendency for production runs to be short complicates the problem. The use of mass production methods of standardization, simplification, and specialization is limited by the demands of fashion for frequent changes of style. Reliance is placed largely on improved production engineering techniques and on comparatively small improvements in equipment to enhance efficiency in the use of manpower. . . . *("Labor in the Textile and Apparel Industries" BLS Bulletin No. 1635, August, 1969, Pages 1–9.)*

Using the foregoing to place the Apparel Industry in perspective, it is appropriate to then review the effective exclusion of the Apparel Industry from any use of Federal funds or participation in the various Government training subsidy programs designed to create and substitute "payrolls for welfare rolls" among the hard-core, underprivileged, and untrained unemployed, in both rural and urban centers of unemployment and among minority groups. The exclusion from participation in these programs by the Apparel Industry results almost entirely from several unsupported statements made in the Congressional Record by two or three Senators and Congressmen who were either acting upon misapprehension or were misled by inaccurate and invalid information upon which the statements were predicated in a manner designed to make "legislative history".

Such "legislative history" has been accepted as being a valid representation of the facts and circumstances involved and is the cornerstone upon which the Apparel Industry has been precluded from participation in Federal supplementary training reimbursement programs, or programs to provide subsidies to compensate employers in part for the *extra* costs of remedial education, work orientation and on-the-job training for minority groups, hard-core unemployed, and disadvantaged persons from ghetto centers; and has served as a deterrent to the creation of black and other minority capitalism in this Industry where such capitalism, because of the relatively little investment required, is both feasible and practical.

Without attempting in any way to impugn the motives of those Senators and Congressmen who made the so-called "legislative history," the facts upon which it is predicated should, we submit, be re-examined and its basis revealed in the

National interest—not only to correct the errors inherent in it, but also to enable the Apparel Industry to participate for the purpose of implementing National goals and objectives in solving these problems.

THE CHRONOLOGY OF THE ERRONEOUS "LEGISLATIVE HISTORY"

Beginning in May, 1961, in his special message on "National Needs," President Kennedy said that he would send to Congress Legislation providing for a four-year retraining program for workers whose skills had become obsolete. Subsequently two bills embodying the Administration's detailed proposals were introduced, one as Senate Bill 1991 by Senator Clark of Pennsylvania and the other as House Bill 7373 by Congressman Holland of Pennsylvania. The bills contemplated the expenditure of $700,000,000.00 over a four-year period for the training of 800,000 persons. The bill was referred to the Senate Committee on Labor and Public Welfare. Sub-committee hearings on the bill were held in Washington and six other cities in three States. No witness opposed the bill and it was ordered reported with amendments, by the full Committee on July 31, 1961.

On March 15, 1962 the bill, which was known as the "Manpower Development and Training Act" (hereinafter referred to as "MDTA") was signed into law, including a conference committee compromise "forbidding discrimination in testing, referral, training, or placement of workers because of membership or lack of membership in a union (*Public Law 87–416, Section 307*)."

On August 8, 1963, there was a letter written to the American Apparel Manufacturers Association by John F. Henning, Under Secretary of Labor, which confirmed indications that representatives of the Garment Unions had been and were making policy recommendations on the implementation of the MDTA Program in the Apparel Industry and soliciting the views of the AAMA.

On September 25, 1963, the AAMA responded to Under Secretary of Labor Henning that it had at that time "little, if any, interest in funds from this source" but that it protested "any blanket denial of the funds" to the Apparel Industry, and urged that "in the future allocation of funds under the MDTA for the purpose of training sewing machine operators in the Apparel Industry be determined on a case by case basis," as was indicated by Sections 303(b) and 306(b) of the Act.

On October 11, 1963, the Under Secretary informed the AAMA that there was "no blanket denial of funds to the Apparel Industry" but "all applications are being held in abeyance until such time as the policy standards have been formulated and specific decisions can be made on each application".

On October 31, 1963, the Under Secretary advised the AAMA that the "temporary suspension" which had been placed on sewing machine operator training projects in the Apparel Industry was to be lifted. He said that, "This action will enable us to provide assistance when it is deemed necessary to accomplish the purposes of the Act."

In 1963, when the renewal of the appropriation was before the two Houses of Congress, two statements were inserted in the Congressional Record in the course of debate, which were designed to implement the position of the Garment Unions in connection with the MDTA funds insofar as they were to be used in the Apparel Industry. These statements, as will be hereinafter shown, were based upon invalid premises. They nevertheless ultimately resulted in an absolute prohibition of the use of MDTA, EOA, and other related Federal funds to subsidize and supplement the extra cost of training of hard-core sewing and related machine operators for employment in the Apparel Industry.

In the debate in the Senate on December 13, 1963, the late Senator McNamara of Michigan made a statement, which is one of the two cornerstones upon which the so-called "legislative history" of the prohibition of MDTA funds and Federal on-the-job training supplementary funds for sewing machine operators is based. Senator McNamara's statement was:

"As I understand, the basic objective of the Manpower Development and Training Act is the reduction of hard-core unemployment, unemployment which results from the fact that the potential employee lacks the skills essential to performance in an existing job vacancy. The bill was designed for situations where there is a demand for labor, but in which prior training or a specific skill is a substantial prerequisite for employment in the given job.

"It is not intended to cover industries, such as the garment and apparel industry, where minimal training is needed, where traditionally the employer has provided the necesary on-the-job training, and where there exist a substantial number of experienced and able workers who are presently unemployed. As I understand it, we do not intend to give a competitive advantage to one employer over another by having the Manpower Development and Training Act pay costs which usually and traditionally the employer has assumed, nor do we intend hereby merely to transfer unemployment from one area to another. We do not expect use of the Manpower Development and Training Act training programs in highly mobile, highly competitive industries where minimal employee training is needed and now is undertaken by the employer. I feel that Manpower Development and Training Act assistance in such cases would only add to industrial dislocation. It would be a waste of manpower resources, and in the long run would serve only to discredit the Manpower Development and Training Act and detract its value." (*1963 Congressional Record*, 12/13/63, p. 23342.) Virtually identical language was used by Congressmen O'Hara and Holland in the House debate (*1963 Congressional Record*, Vol. 109, Part 1-g, Pages 24258, 24261).

After the passage and signature of the 1963 MDTA, between its effective date and November 10, 1964, a few programs had been approved in the States to use MDTA funds to finance supplementary training costs (it should be noted that this is ***supplementary***, and not *all*, training costs) for sewing machine operators. However, on November 10, 1964, the Administrator of the U.S. Employment Service of the Department of Labor sent out a Program Letter (No. 1724) to all State Employment Security Agencies, which instructed them: "Effective immediately, apparel and garment industry projects will not be approved for training under the MDTA or ARA."

The stated purpose of these instructions was: ". . . to clarify the Department of Labor policy concerning . . . the apparel industry . . . ."

This directive not only had the effect of prohibiting any further projects for the use of MDTA, ARA, or other Federal supplementary training funds for the training of sewing machine operators, but also had the effect of cancelling those few projects which had already been approved. This exclusion was extended to funds under the EOA when the act was passed in December 1964.

In 1965, when the Congress was considering the Manpower Act of 1965, the House Report on the Bill contained the following statement, based upon the 1963 statement by Senator McNamara:

"*Safeguarding Against MDTA Substitution for Private Training Efforts.*—The committee considers it desirable to emphasize, as it has in the past, that the establishment of a manpower development and training program was not intended to substitute Government-subsidized training for training normally undertaken by management, to discourage training by private industry, or to inadvertently lead to disruption of an industry's competitive relationships. There are obviously situations, accordingly, in which it is not appropriate for MDTA training projects to be established. ***Firms in the apparel and garment industry, for example, are intensively competitive in a national market, are highly mobile, and have traditionally provided their own training on the job.*** In this industry prior training or possession of a specific skill is not typically prerequisite for obtaining employment. In an industry such as this, Government-subsidized training can disrupt competitive relationships by providing an advantage to some employers over others, and wastes Government funds by shifting the training function from industry to Government. Moreover, such subsidized training does not add to the sum total of jobs but merely brings about a redistribution of production, employment, and unemployment within the industry. ***It is the committee's intention, therefore, that financial support under this act shall not be made available for training programs in such an industry.***" (Emphasis supplied.)

When the Bill was debated on the floor of the House following the Senate House Conference Report on the Bill, Congressman O'Hara of Michigan made the following statement on April 13, 1965.

"Some question has arisen with regard to the language on page 22 of the House Committee Report with respect to safeguarding against Manpower Development Training Act substitution for private training efforts. The language used therein refers to institution of Manpower Development Training Act programs in unskilled or minimally skilled occupations for which prior training or possession of a specific skill has not traditionally been a prerequisite to employment. It is the belief of the Committee that Manpower Development Training Act training in such situations would substitute for threshold training normally undertaken at the expense of the employer and would not add to achieving the manpower goals which are the objectives of Manpower Development Training Act. *The committee did not intend to imply that Manpower Development Training Act programs would not be available for training persons in technical and skilled occupations in the garment industry or any other industry for which prior training or possession of specific skills has traditionally been a prerequisite of employment.* For example, it might be appropriate under the proper circumstances for Manpower Development and Training Act training to be utilized to provide skilled personnel for employment repairing, adjusting, maintaining and rebuilding machinery used in the apparel industry." (Emphasis supplied.)

It should be noted that this statement also was designed to make "legislative history," but did not go quite as far as Senator McNamara's statement in 1963 in that it made some exception for jobs involving the repair and rebuilding of machinery in the Apparel Industry. These jobs represent a very small segment of the Industry.

In the Senate debate on the 1965 Bill, a virtually identical statement appeared in a colloquy between Senators McNamara of Michigan and Senator Clark of Pennsylvania, again for the purpose of making "legislative history," to wit:

"Mr. McNamara: Mr. President, I should like to make some legislative history on this subject. I should like to pose a question to the Senator from Pennsylvania.

"As I understand, the basic objective of the Manpower Development and Training Act is the reduction of hard-core unemployment, unemployment which results from the fact that the potential employee lacks the skills essential to performance in an existing job vacancy. The bill was designed for situations where there is a demand for labor, but in which prior training or a specific skill is a substantial prerequisite for employment in the given job.

"Mr. Clark: The Senator is correct.

"Mr. McNamara: It is not intended to cover industries, such as the garment and apparel industry, where minimal training is needed, where traditionally the employer has provided the necessary on-the-job training, and where there exist a substantial number of experienced and able workers who are presently unemployed. As I understand it, we do not intend to give a competitive advantage to one employer over another by having the Manpower Development and Training Act pay costs which usually and traditionally the employer has assumed, nor do we intend hereby merely to transfer unemployment from one area to another. We do not expect use of the Manpower Development and Training Act training programs in highly mobile, highly competitive industries where minimal employee training is needed and now is undertaken by the employer. I feel that Manpower Development and Training Act assistance in such cases would only add to industrial dislocation. It would be a waste of manpower resources, and in the long run would serve only to discredit the Manpower Development and Training Act and detract from its value.

"Mr. Clark: The Senator from Michigan has correctly stated my understanding of the congressional intent. However, I would like to point out, Mr. President, that a question arose in conference committee with regard to the language on page 22 of the House Committee report with respect to safeguarding against Manpower Development and Training Act substitution for private training efforts. In was agreed by the conference committee that the language used in the House report refers to the institution of Manpower Development and Training Act programs in unskilled or minimally skilled occupations for which prior training or possession of a specific skill has not traditionally been a prerequisite to employment. It is the belief of the committee that Manpower Development and Training Act training in such situations would substitute for threshold training normally undertaken at the expense of the employer and would not add to achieving the manpower goals which are the objectives of the Manpower Development and Training Act. The Committee did not intend to imply that Manpower Development and Training Act programs would not be available for training persons in technical and skilled occupations in the garment industry or any other industry for which prior training or the possession of specific skills has traditionally been a prerequisite to employment. For example, it might be appropriate, under the proper circumstances, for Manpower Development and Training Act training to be utilized to provide skilled personnel for employment in repairing, adjusting, maintaining, and rebuilding machinery used in the apparel industry."

As will be set forth hereinafter, much of the premise of the statement, insofar as the Apparel Industry is concerned, is open to substantial question.

The 1964 amendments to the MDTA were minor and there was no particular significant development in this area as against the 1963 Act. The legislative history of the 1967 amendments to the Economic Opportunity Act purportedly reaffirmed this policy insofar as it related to the new training programs added by the amendments to that Act. The statement of the House Managers on the Conference Report expresses the policy as follows:

"It would not be in keeping with the purposes of this provision, as it is not in keeping with the purposes of the Manpower Development and Training Act, to make available financial assistance or other incentives for work, training, and related programs for industries which are highly mobile, labor intensive, and vigorously competitive on a national basis, which have high labor turnover, and in which the prior possession of a specific skill or training is not typically a prerequisite for employment." (*House Report No. 1012, 90th Cong., 1st Sess., pp. 65–66*).

The same intention was expressed in the House Labor Committee Report on the amendments. (*House Report No. 866 90th Cong., 1st Sess., pp. 18–19*).

Similiar "legislative history" was made applicable to the Public Works and Economic Development Act of 1965, where the Senate Report contains the following language:

". . . for programs, projects, facilities, or purchases to be used by or for highly mobile, intensely competitive industries, such as the apparel or garment trades within the textile industry, in which substantial unemployment and abnormal unused plant capacity exists, and in which labor turnover is high and the prior possession of a specific skill or training is not typically a prerequisite for obtaining employment. *The Act is not intended to give a competitive advantage to one area over another where it would lead to industrial dislocation.*" (Italic supplied.) (Sen. Rep. No. 193, 89th Cong., 1st Sess., p. 14.)

Further inquiries to the Department of Labor as to its policy and the basis of the exclusion of the Apparel Industry from the MDTA and related programs have resulted in the following statement of policy by the Assistant Secretary and by the Solicitor of Labor.

"As you know, the JOBS Program is funded both under section 123(a)(8) of the Economic Opportunity Act and under section 204 of the MDTA. The legislative history on 123(a)(8) is so compelling, i.e. (see the Conference Report and the House Report) *that we would clearly be violating the intent of Congress if we subsidized training in this industry.*" (Italic supplied.)

FACTUAL PREMISES OF "LEGISLATIVE HISTORY" ARE ERRONEOUS

The factual premises of the "legislative history" are erroneous. The facts should be made available so that the purposes of the program, the public interest, and the national policy—and not the misstatements in the "legislative history"—will determine the invalidity of prohibiting the apparel industry from participation in these programs.

It appears that several elements of the "legislative history" which have been, as shown above, relied upon by the Administrative Agencies administering the MDTA, the ARA, and subsequent programs to exclude the Apparel Industry from receiving Federal Training Supplements for use in the development of jobs for, and the employment of, hard-core unemployed, the development of minority capitalism, and in the development of expanded job opportunities, are based upon misinformation and are inconsistent with the actual facts.

First and foremost, this so-called "legislative history" which is being used to preclude the Apparel Industry from participating in the Federal Government programs to increase employment of the socio-economically disadvantaged is predicated on the Congressional Legislative Record which actually related to the Manpower Development and Training Act of 1962. The Manpower Development and Training Act of 1962, however, was designed to retain workers whose skills had become obsolete due to a change in consumer appetites, production dislocation, or whose skills had been eliminated by adjustment in technology.

The thrust of the effort being made by the Federal Government, beginning with the Economic Opportunity Act of 1964, the subsequent programs, the NAB Program, and President Nixon's current Manpower Training Program as outlined in his message to Congress on April 8, 1969, is clearly directed toward providing employment opportunity by assisting in the training of persons who had heretofore been unemployable because of lack of adequate education, lack of work orientation and lack of confidence in their own capabilities and who have existed from generation to generation virtually as names on welfare rolls and police blotters instead of on payrolls; toward the encouragement of the establishment of industries in the ghetto areas of the cities; toward the encouragement of minority capitalism and toward the establishment of jobs as the alternative to welfare, and thus lessen the psychological as well as physical degradation incident to welfare existence. Hence, it would seem that in 1969 the so-called "legislative history" based upon unfounded and synthetic premises, established in 1963 and followed continuously since then, has little relevance to the problems which exist or the solutions sought to be achieved by the supplementary training and manpower programs currently being sponsored by the Federal Government. The nature of the Apparel Industry is such that its exclusion from this program provides a large measure of limitation on the successful implementation of such programs. This is the Industry about which the Deputy Secretary of Commerce in the Johnson Administration said in 1963: "No other industry offers as many increased opportunities for the minority groups in our Country or for others who are disadvantaged in our society; no other industry has contributed so uniquely to the health and growth of so many small communities." and about which Senator Scott of Pennsylvania said on July 15, 1969:

"Some counties in Appalachia have 90% or more of their manufacturing workers employed in the textile-apparel industry. Somewhat over 30% of the jobs in the textile-apparel industry in the entire United States are in the Appalachian Region. The man-made fibers sector of this industrial complex provides half of its jobs in the Appalachian Region.

"In many of our largest cities the textile-apparel complex also plays a significant part in providing employment in the five Boroughs of New York City, 30% of all manufacturing jobs are directly related to the production of textile and apparel products. In Manhattan alone, 39% of all manufacturing jobs are in the textile-apparel industry. . . .

"This is an industry which can provide jobs to unskilled or semiskilled workers. Training can be done on the job after the person has been hired. High educational levels are not needed for the majority of jobs in this industry. This means that it is a very large source of employment for those groups in our economy who traditionally have the highest unemployment rates: Negroes, women, unskilled workers. These are the people who live in the areas of underdevelopment in this country.

"If the textile-apparel industry is to be a moving force behind the development of Appalachia and the core city, it must be able to function as a growing industry, an industry whose markets are fairly reliable in size and growth. As things now stand, the textile-apparel industry cannot make plans for growth, plans to hire more people, start up new plants, enter new areas where reserves of unemployed people are waiting to work. . . ."

THE FALLACIES OF THE FACTUAL PREMISE OF THE "LEGISLATIVE HISTORY"

We now evaluate some of the assertions which were made in the "Legislative History" in order that their invalidity may be seen:

A. Legislative History Statement:

"It is not intended to cover industries, such as the garment and apparel industry, where minimal training is needed."

Comment.—One must refer back to the preceding sentence in the "Legislative History" to see the basis for the misconception contained in this statement. The sentence states, "The bill was designed for situations where there is a demand for labor, but in which prior training or a specific skill is a substantial prerequisite for employment in the given job."

It is true that the Apparel Industry of necessity has never made prior training a prerequisite to employment, not because there is "no skill" requirement, but rather because there has never been any source of training other than the industry itself. This is unlike many other major manufacturing industries that have been able to draw on pools of personnel who received training while in military service or from Educational or Service institutions. These same sources have not been able to provide trained personnel to operate high-speed commercial sewing machines of even the single-needle variety (which most nearly resembles the home sewer), to say nothing of special machines, such as sergers, tackers, multi-needle, flatbed, etc.

To contest the statement "where minimal training is needed," one can find many sources who attest to the high degree of training needed. Robin L. Hitchcock, AAMT Training Associate of Kurt Salmon Associates, Inc. (Management Consultants with over 34 years' experience in the Apparel Industry), writing for the *Southern Garment Manufacturer* magazine, notes that: "The actual cost of training new operators varies from operation to operation, but in the more difficult ones, it normally costs between $300 and $800 in *Make-Up Pay* alone to train the average operator." "Make-Up Pay" is the difference between operator productivity and the Federal Minimum Wage which is guaranteed to all operators. It is to be noted that this make-up figure is in relation to "successful" operators. It does not take into account the make-up expenses incurred with those who fail to develop the necessary skill.

A 1968 study by the Technical Advisory Committee of the American Apparel Manufacturers Association shows that the average make-up cost for the 110 companies reporting in that survey amounted to $1,200. This included the cost of make-up for those trainees that fail to reach 100% performance by the end of the training period and those that were separated or dropped out before becoming productive. The study also indicated that overhead costs added another $600 to $800. Combnied, these costs total between $1,800 to $2,000 to replace the average experienced operator.

The study further states that the industry replaces about 40% of its production worker labor force each year. The remaining portion of the total turnover of 60% is seasonal layoffs. This means that some 500,000 people are hired each year by the Apparel Industry. From reliable experience, about one-third of these employees will be trained and remain productive workers for a reasonable period of time. This means that some 167,000 people are successfully trained. At the 1968 cost of $1,800 each, this is $300,000,000. Today the cost is probably $2,000 or more per trainee, making the total training cost $335,000,000 to $350,000,000 per year.

From the above, it can easily be seen that there is obviously a high degree of skill required, and that while possession of specific skills is not a prerequisite to employment (since there is no place at present to get that skill), it certainly is a prerequisite to continued employment on any one specific job, to opportunity to increase earnings, and to the creation of new job opportunities.

To further demonstrate the basic fallacy of "Where minimal training is needed," one need only look at the U.S. Department of Labor Dictionary of Occupational Titles (DOT) and the JOBS 70 program. The JOBS 70 program uses the middle three digits of the DOT title as the "Skill Code." The "Skill Code" for a sewing machine operator is 17, which places it very high in the manufacturing process (It should be noted that the lower the numerical value of the skill code the higher the skill requirement. Thus, a sewing machine operator with a skill code of 17 requires greater skill than a tractor-trailer truck driver with a skill code of 19.). The inconsistency of the governmental position is graphically shown by such NAB contracts as the one issued to Chrysler Motors in May of 1969. Under this contract Chrysler was to hire and train 4,450 hard-core employees at a cost of $13,795,000. These were to be primarily assemblers (skill code 23), spot welders (skill code 22), drill press operators (skill code 17), and material coordinators (skill code 15). Thus a training subsidy of $13,100 per trainee is being paid for jobs, the majority of which have a lesser skill requirement than a sewing-machine operator. Yet the legislative branch at the government insists on representing a sewing machine operator as being too low a skill to merit training assistance for the hard-core unemployed.

B. Legislative history statement

"Where traditionally the employer has provided the necessary on-the-job training".

Comment.—One is constrained to question the relevance of the "Legislative History" statement to the problem at hand. The statement is of course true of all manufacturers, except for those who are fortunate enough to derive the training benefit (already alluded to above) from training received in the Armed Forces, Education institutions and more recently some of the Government Manpower Development Programs. As has already been discussed, there is no such source for the Apparel Industry; hence the Industry has had to do its own training, for which it appears from the "Legislative History" they are to be penalized rather than congratulated and encouraged.

The NAB Program is one designed to harness the resources of industry to help the Governmental and institutional efforts. The tapping of this vast training expertise can add greatly to the success of the Governmental effort directed toward employment of hard-core unemployed. However, like any other industry, the Apparel Industry requires compensation for the extra effort and extra costs required to prepare the hard core for training and then train them, if it is to do so to the increased extent inherent in the possibilities of doing so.

C. Legislative history statement

"Where there exists a substantial number of experienced and able workers who are presently unemployed."

Comment.—Both of the premises of this statement are invalid—i.e., the reference to demand for "trained" operators and the reference to the nature of "experienced" operators who are "unemployed." In contradiction to the statement, there is an Industry need for sewing machine operators which cannot be met. An article appearing in the August 10, 1969 issue of the *New York Times*, clearly states the condition that is being encountered by the industry throughout the country:

"A shortage of sewing machine operators and hand workers will cost the garment industry millions of dollars in Fall orders, according to New York apparel manufacturers.

Fall production of dresses, coats, suits, and sportswear will reach a peak this month, but many shops are able to find workers for only a little more than half their machines."

Plant Wage and Personnel Policy Survey, published by the American Apparel Manufacturers Association in 1968 states: "An overwhelming majority of plants (71%) reported that there were not enough experienced personnel in their labor market area to meet their needs. Over 80% of the plants in the New England, Mid-Atlantic, and Mid-West regions reported an insufficient supply of experienced personnel." This latter area covers 28 out of 50 of the original NAB cities and 44 out of the 75 NAB cities added for the MA-5 program.

With the well documented shortage of experienced sewing machine operators, the unemployment situation cited in the "Legislative History" must be looked at more closely. Either the term "experienced" as used in the "Legislative History" cannot be equated with "trained" and therefore immediately fully productive, or the purported glut of unemployed experienced operators simply does not now exist.

D. Legislative history statement

"The Act is not intended to give competitive advantage to one area over another where it would lead to industrial dislocation."

Comment.—The purpose of any of the current training programs is to pay for the extra cost and effort which must be expended to bring hard-core unemployed persons up to the level where they can compete with otherwise employable people. It is a cost over and above the cost of on-the-job training to impart a skill. Since this is clearly an extra cost, there is no "competitive advantage" given to one area over another under any of these programs. The creation of an unstable situation because apparel firms would tend to move from place to place to obtain funds for training simply cannot take place under the existing programs.

The "run-away shop" cannot afford to train all new people, and the major program today (the NAB funds through MDTA or EOC) limit funds to 25% of the firm's employees. Since the program is directed at paying for these extra costs of employing the hard-core unemployed in urban centers, it is not economically feasible to assume that a firm will move from urban area to another merely to obtain supplemental funds to train probably the most difficult of all groups of people to train. With 72 of the 125 NAB cities eligible for funds in New England, Mid-Atlantic, and Mid-West, where there is not an adequate supply of skilled people, a plant would have to start with mostly untrained people. It would be extremely difficult to start up a new plant with all untrained people, 25% of whom would be hard-core unemployed.

Firms cannot run from urban areas of the North to rural areas of the South and obtain training funds. Since this is not possible, there is little danger of creating "competitive advantage" in one area and not in another. It is equally reasonable to assume that the availability of training funds to the Apparel Industry for trainable hard-core persons will not create increased plant mobility.

TABLE 5.—EMPLOYMENT IN APPAREL, BY REGION AND STATE, MARCH 1968[1]

State	Employment	Percent distribution
Total	1, 442, 330	100. 00
Northeast	669, 793	46. 4
Massachusetts	55, 496	3. 8
Connecticut	15, 606	1. 1
New York	288, 797	20. 0
New Jersey	79, 694	5. 5
Pennsylvania	182, 015	12. 6
All other	48, 185	3. 3
North Central	154, 595	10. 7
Ohio	19, 181	1. 3
Illinois	39, 057	2. 7
Michigan	21, 766	1. 5
Missouri	33, 920	2. 4
All other	40, 671	2. 8
South	524, 496	36. 4
Maryland	24, 813	1. 7
Virginia	35, 062	2. 4
North Carolina	68, 417	4. 7
South Carolina	40, 370	2. 8
Georgia	67, 375	4. 7
Kentucky	28, 914	2. 0
Tennessee	67, 030	4. 6
Alabama	42, 594	3. 0
Mississippi	37, 785	2. 6
Texas	52, 661	3. 7
All other	59, 421	4. 1
West	93, 446	6. 5
California	72, 162	5. 0
All other	21, 284	1. 5

[1] Employment covered by unemployment insurance (excludes mainly self-employed workers)

Source: U S Department of Labor, Bureau of Employment Security

TABLE 8.—PERCENT DISTRIBUTION OF EMPLOYMENT IN APPAREL IN SELECTED STATES, BY AREA, 1ST QUARTER 1967[1]

State[2]	Total	Metropolitan area	Nonmetropolitan area
New England: Massachusetts	100	100	0
Middle Atlantic:			
New York	100	96	4
New Jersey	100	85	15
Pennsylvania	100	76	24
North-central:			
Illinois	100	72	28
Missouri	100	59	41
South:			
Alabama	100	11	89
Georgia	100	18	82
Mississippi	100	2	98
North Carolina	100	24	76
South Carolina	100	35	65
Tennessee	100	16	84
Texas	100	74	26
Virginia	100	30	70
Pacific: California	100	97	3

[1] Employment covered by old-age, survivors, and disability insurance (excludes mainly self-employed workers).
[2] The selected States accounted for about 83 percent of employment in the apparel industry in 1967. (Percents are rounded to nearest whole number).

Source: U.S. Department of Commerce, Bureau of the Census.

E. Legislative history statement

"Firms in the Apparel Industry have traditionally provided for on-the-job training."

Comment.—This argument is in substance that employers in the Apparel Industry are motivated by venal considerations, and to allow them to participate in Federally-financed subsidization of training will result in relieving the Industry of training costs, which it has traditionally borne and which are a normal and traditional expense of operating an apparel manufacturing establishment. Thus, it is contended that it will enable an individual employer to transfer his "usual" costs of training to the public treasury and would thus represent a waste of Government funds; and would moreover enable those employers who avail themselves of the opportunity to use such subsidy to obtain a competitive advantage and a differential cost advantage over employers in areas where there are large numbers of experienced workers.

It must be recognized that the answer to this fallacious postulate has been provided by the Government itself. Government training subsidies do not relieve an employer in the Apparel Industry, or in any other industry, of its initial training costs, but merely help to subsidize the extra training costs incurred in the hiring of, and create the necessary proficiency for job retention of, hard-core unemployed and otherwise economically disadvantaged persons who would not inherently be otherwise hired, or would leave quickly due to the failure to adjust to the world of work.

In the MA-5 Request Form, as issued by the U.S. Department of Labor in 1969 (the form used to request participation in a training subsidy program by virtually all industries other than the Apparel Industry), there is contained the following statement, which is controlling and which provides the most effective answer to this contention:

"The hard-core, being less qualified than those the Employer would normally hire, generally require extensive training, counselling, and other individual services. *When an Employer undertakes to provide these added services, it is appropriate that the associated extraordinary costs be paid by the Government* as a part of the National effort to solve the problem of hard-core unemployment." (*Underscoring supplied*).

The gist of the so-called "legislative history" statements which are quoted above, and the invalidity of which is pointed out, appears to be the premise upon which those were responsible for the insertion and maintenance of the so-called "legislative history" which interdicts participation in any of these programs by the Apparel Industry, were able to obtain this complete blackball of the Apparel Industry, and have been able to prohibit its participation in Government-financed hard-core training programs. See in this connection the following newspaper articles: *Washington Daily News* of 11-15-68, "Unions Block Job Training Project," William Steif; *Washington Post* of 1-2-69, "Garment Unions Hamper Use of Training Funds," Evans and Novak; *New York Times* of 10-10-69, "Major Labor Shortage Squeezing New York Garment Center;" *New York Times* of 8-21-69, "Stulberg Decries Air for Apparel Training;" "Training of Apparel Workers and Subsidies," March 1969, Milton Fried and Lazare Teper; and "Solution of Manpower Training Programs," ACWA 26th Biennial Convention, May 1968.

APPAREL INDUSTRY IMPORTANCE TO ECONOMY INDISPUTABLE

The importance of the Apparel Industry to our economy and to the implementation of the programs to create a comprehensive Manpower Development Program is indisputable.

In the Bill which was introduced in the Senate on August 12, 1969 (S. 2838) in implementation of the President's message on Manpower Training, there appear two sections which militate for the elimination of the blackball of the Apparel Industry from participation in the program of training subsidies to cover extraordinary costs in training disadvantaged and hard-core unemployed for retention in productive jobs.

In the Statement of Findings and Purpose of the Bill, there appears, as No. (3):

"Sec. 2. The Congress finds and declares that—

"The placement in private employment of unemployed, underemployed, and low income workers is hampered by the absence of entry level opportunities. These opportunities can be augmented by assisting workers now in entry level jobs to improve their skills and advance to more demanding employment."

Title I, Section 101 of the Bill provides:

"The programs and activities for which funds under this title may be extended shall include, but are not limited to, the following: . . . (10) incentives to public or private employers including reimbursements for a limited period when an employee newly hired or being upgraded might not be fully productive . . ."

Of significance are excerpts from the statements made by the Honorable Herbert N. Blackman, Administrator of International Labor Affairs of the U.S. Department of Labor in his presentation to the Japanese Delegation at the Trade Discussions in Geneva in September of 1969, in which he undertook to put the labor situation in the United States in textiles and apparels in proper perspective and factor in the economy of the United States:

"Despite this level of prosperity there are serious problems within the economy which affect the work force.

"Too many people are under-employed or have substandard income.

"We are spending over $2 billion a year in manpower programs designed to bring more people into the work force and lift them from the level of poverty in which we find them. These problems are most serious with respect to certain minority groups: Negroes, Mexican-Americans, Spanish-Americans, Puerto Ricans, etc.

"A good many of the problems related to poverty, unemployment and minorities are concentrated in the urban centers where the levels of unemployment or under-employment have created very serious social problems. The textile and apparel industries are important factors in dealing with these problems of poverty and the disadvantaged. . . .

"When we look at the kinds of workers that are employed in the textile and apparel industries, we find some of the reasons why those industries are important in dealing with the problems of poverty in our economy.

"Workers in both these industries tend to be older than the average and have less education than the average in all-manufacturing. It is for these reasons, and because training requirements to become a worker in these industries are relatively low, that textiles and apparel provide an entrance into industry for newcomers to the labor force. These industries, therefore, have become of major importance as a source of employment for our minority groups. . . .

"There are an estimated 7,000 textile plants and over 25,000 apparel plants throughout the United States. Every state in the union has some apparel production and approximately 47 states have textile plants. . . .

"There are important segments of the apparel industry located in the major metropolitan areas, such as New York, Philadelphia, Chicago, etc., where we are confronted with major problems of the urban ghetto.

"In a number of other areas, largely Appalachia, there are important concentrations of the apparel industry. These are areas where substantial and persistent unemployment already exist. For example, there are towns such as these in Western Pennsylvania, North Carolina, South Carolina, and Tennessee. About 40 percent of manufacturing employment in the Wilkes-Barre and Scranton areas of Pennsylvania are in these industries. There are many more examples of high concentration of employment in textiles and apparel in southern states, depressed areas, and urban centers.

"Employment in textile and apparel has not kept pace with the increases in employment throughout the United States. This is true even though technological improvement, such as permanent press, has required more workers.

"The level of skills, the amount of training, etc., make the textile and apparel industries a prime source of employment for the disadvantaged in our society. . . ."

Unless these effective barriers to participation by the Apparel Industry in the programs of the Federal Government to increase employment and jobs by the use of training subsidies are removed, the Industry cannot be expected to utilize its unique situation to give further impetus to the advancement of these goals.

NATURE OF APPAREL INDUSTRY PROVIDES VEHICLE FOR MINORITY EMPLOYMENT

The nature of the Apparel Industry is such that, with subsidization in connection with the start-up cost of training, it provides a most feasible and likely vehicle for the encouragement of minority entrepreneurism.

See in this connection the following statements which appear in the Report of the Bureau of Labor Statistics, Bulletin No. 1635, "Labor in the Textile and Apparel Industries," supra, at Pages 35–36.

"The simple technology of apparel manufacturing—mainly sewing machines—is highly labor intensive. Each machine is operated by a worker. Capital invested per production worker in 1963 amounted to $5,653, about half the ratio for textile mill products and about a fourth of the manufacturing ratio. Wages of production workers as a proportion of value added in 1966 amounted to 44 percent, compared with 31 percent for manufacturing. . . .

"*The apparel industry is marked by easy entry, both by workers and owners.* Women of all ages can quickly acquire the skill needed to become sewing machine operators, the major occupational group. *Since the equipment requires little engineering or technical knowledge, and the marketing and materials are handled by jobbers, it is relatively easy for an entrepreneur with a modest amount of capital to set up a plant as a contractor* . . .

"The industry's expenditures for new plant and equipment, though increasing, is among the lowest per production worker among manfuacturing industries. Expenditures averaged $144.6 million ($123 per production worker) over the 1962–66 period, compared with $89.7 million ($83 per production worker) for the 1957–61 period . . ." (Italic supplied.)

TABLE 11.—PERCENT DISTRIBUTION OF ESTABLISHMENTS, BY EMPLOYMENT SIZE-CLASS, BY SELECTED INDUSTRY 1ST QUARTER 1967 AND 1962[1]

	Manufacturing		Textiles		Apparel	
Employment (size of establishments)	1967	1962	1967	1962	1967	1962
1 to 19	62.9	65.7	37.2	40.1	49.1	51.8
20 to 49	17.0	16.5	19.9	19.[illegible]	23.9	24.1
50 to 99	8.7	7.9	13.6	13.5	13.7	12.9
100 to 249	6.7	6.0	14.9	14.4	9.1	8.1
250 to 499	2.7	2.3	8.3	7.4	3.1	2.3
500 or more	2.1	1.7	6.1	5.2	1.1	.7

[1] Employment covered by old-age, survivors, and disability insurance (excludes mainly self-employed workers).

Source: U.S. Department of Commerce, Bureau of the Census.

TABLE 13.—PERCENT DISTRIBUTION OF YEARS OF SCHOOL COMPLETED BY THE EXPERIENCED CIVILIAN LABOR FORCE IN MANUFACTURING, TEXTILES, AND APPAREL, 1960

Years of school completed	Manufacturing	Textiles	Apparel
Total	100.0	100.0	100.0
Elementary:			
Less than 5	4.7	9.4	7.4
5 to 7	12.8	25.1	17.2
8	16.8	16.8	21.8
High school:			
1 to 3	24.1	24.0	26.1
4	27.7	18.9	22.0
College:			
1 to 3	8.0	3.5	3.9
4	4.2	1.8	1.3
5 or more	1.7	.4	.4

Source: U.S. Department of Commerce, Bureau of the Census.

It does not take a great deal of capital to establish a small, typically-sized unit for apparel manufacturing. Such units can be established in ghetto and low employment areas, both rural and urban. One of the major costs involved in the establishment of such plants is the initial training costs necessary for the development of sufficient skills to enable sewers who have had no skill to be trained to the point that they are able to properly perform the work at a pace which will produce goods at a level to yield at least the minimum wage, and to improve these skills so as to ultimately earn more. There are relatively few, if any, people available in these areas with such skills. The extra costs of the training, both in wages and incidental costs, before these employees can become sufficiently proficient to attain enough skill to produce at a minimum level are such that the entire capital available to such men can be completely dissipated in the start-up and training costs at such plants. The availability of Federal subsidies to assist in this cost will implement the program of encouraging minority group capitalism and the establishment of employing enterprises in ghetto areas, particularly by persons of minority groups, and thus enable additional job opportunities to be made available to persons in these concentrated areas of unemployment.

Moreover, it is clear that the Apparel Industry has and is providing, and can provide, one of the most readily available sources for increased employment of black and other minority groups in industry. See in this connection the findings of the Department of Labor survey, supra:

"*Race.*—In textiles, in 1968, whites constituted 90.5, and nonwhites 9.5 percent, of total employment. The nonwhite proportion in manufacturing generally was 9.7 percent. The proportion of nonwhite employment in textiles doubled between 1962 and 1968 for a relatively greater gain than in manufacturing as a whole, and the upward trend appears to be continuing into 1969. In absolute numbers, nonwhites held about 55,000 more jobs in textiles in 1968 than in 1962. By State, nonwhite employment in textiles in 1966, the most recent year for which State data are available, ranged from 2 percent in Massachusetts to 13 percent in New Jersey. In the important textile States of North Carolina, South Carolina, and Georgia, the range was from 8 to 10 percent.

In recent years, the employment of nonwhites has been proportionately greater in apparel than in manufacturing generally. Between 1962 and 1968, nonwhite workers increased from 9.3 to 12.7 percent of apparel employment—a somewhat slower rate of increase than in textiles but greater than for all manufacturing. Preliminary data for early 1969 indicate that the nonwhite employment ratio continues to grow. In some labor markets, the apparel industry employs large numbers of workers of other minority groups, notably Puerto Ricans in New York City and Cubans in Miami. By State, nonwhite employment in 1966 ranged from 4 percent in Tennessee to 16 percent in South Carolina. The rate was 10 percent in New York . . ."

TABLE 16.—PERCENT EMPLOYMENT OF NEGROES IN THE APPAREL INDUSTRY, BY SELECTED STATES, 1966 [1]

State	Total	Metropolitan area	Nonmetropolitan area
Total	9	12	6
New England: Massachusetts	6	6	(2)
Middle Atlantic:			
New York	10	11	4
New Jersey	14	15	10
Pennsylvania	11	11	(2)
North-central:			
Illinois	12	16	3
Missouri	7	13	1
South:			
Alabama	6	13	5
Georgia	9	13	8
Mississippi	6	21	6
North Carolina	9	13	8
South Carolina	16	16	16
Tennessee	4	7	3
Texas	7	7	6
Virginia	14	23	9
Pacific: California	11	11	3

[1] The selected States accounted for about 80 percent of employment in the apparel industry in 1966. (Percents are rounded to nearest whole number.)

[2] Less than 1 percent.

Source: Equal Employment Opportunity Commission (EEOC).

CONCLUSION

Candor requires an acknowledgement of the fact that, even if the artificial barriers which have prohibited participation by the Apparel Industry in the programs to increase jobs and job opportunities through training subsidies for the last six years are removed, there will be no headlong rush by Apparel Manufacturers to sieze upon these training subsidy programs or to start up small apparel plants, or to do the other thing that Industry is capable of doing to implement the National policy and programs. What will have to result is, first, the knowledge that these programs are available to the Industry and will have to be disseminated to the Industry. Secondly, some companies—not too many at first—will undertake with local Employment Service people to attempt to develop these programs whereby they will be able to use the Federal training subsidies to give impetus to the program. Thirdly, these initial efforts will be watched and, if successful, the word of both the availability and usefulness of the programs will spread and there is likely to be, on a gradual, ascending scale, greater participation by the Apparel Industry in these programs with an increasing benefit to the achievement of the National goal of substituting payrolls for welfare rolls.

Because of the nature of the Apparel Industry and because of the elements that are inherent in it which literally lend themselves to the implementation of the national Manpower policies, it is urged that appropriate action be taken by the Congress and by the Administrative Agencies to eliminate the "legislative history" barrier, as well as the administrative barriers, to participation by the Apparel Industry in those programs wherein the Federal Government provides subsidies to supplement training costs in sewing and other related operations.

It is submitted that the end result of the elimination of such barriers cannot fail to be beneficial and in no sense will result in the harm erroneously forecast and improperly set forth as the basis of the "legislative history's" prohibition of such participation.

AID COOP,
Los Angeles, Calif., December 2, 1969.

Representative DOMINICK V. DANIELS,
Washington, D.C.

DEAR REP. DANIELS: We are writing in behalf of the "Manpower Act" proposed by Rep. James G. O'Hara and at present before the Select Subcommittee on Labor under your chairmanship.

For some time federal employment policy has directed its emphasis to the problems of the disadvantaged job seeker. The success of these job efforts in general within their scope has been well documented. Garth L. Mangum, for example, points this out with regard to MDT: ". . . MDT has made a significant contribution to the income of its poor enrollees." (p. 36: *Contributions and Costs of MDT*) But the Scathing criticism of government Manpower policy as well as the whole constellation of anti-poverty efforts is that they are not doing the job. These efforts are insufficient to eliminate the injustices of poverty And now day after day we hear about cutbacks in even these funds. The following quotation from the California Cooperative Manpower Plan for FY 1970 seems to typify what is happening around the country: . . . it might be generalized that the resources for these programs (specifically designed for the disadvantaged) approach the known needs of our citizens for an opportunity to begin the difficult task of achieving productiveness through job rehabilitation. But as meritorious as these programs are and as efficiently as they might be administered, the levels of funding, in most cases fall far short of the need for such programs. (p. 29)

We think it is time for the government to pursue a policy which brings to bear resources on the problem of poverty measuring up to the need. Having revolted from Britain's reign because she would not permit us "life, liberty, and the pursuit of happiness," it is fitting that we respond fully to our citizens' demand for the same. The "Manpower Act" is such a response in the area of job opportunities.

The concept of public service employment for the disadvantaged on a large scale is also indicated in the "Manpower Act." This idea seems basically sound and quite exciting from results of studies reported by the Upjohn Institute for Employment Research and others.

Thank you for your attention.

Yours for positive change,

MICHAEL P. GALLAGHER,
SHEILA GALLAGHER,
WILLIAM P. DALY,
ROBERTALEE TRUMAN,
DOROTHY M. TORRES.

Des Moines Area (CAMPS),
Des Moines, Iowa, July 23, 1970.

Hon. Dominick V. Daniels,
House Committee on Education and Labor, Cannon House Office Building, Washington, D.C.

Dear Congressman Daniels: The Des Moines Area C.A.M.P.S. Committee, representing manpower and related organizations in this area, wishes to go on record as supporting the O'Hara bill now pending before Congress.

We strive to make manpower programs in our area beneficial to everyone and not just to special interest groups. We feel that the O'Hara bill will come nearer to accomplishing this goal than either the Steiger bill or the administration bill.

Establishing more State and local control would probably be a detriment to manpower activities. Local politicians and special interest groups would be in a position to manipulate the manpower programs and would probably misdirect them, as they have already done with many programs under their administration.

A recent congressional hearing on manpower activities in this area is a good example of such inefficiency. The Des Moines Area C.A.M.P.S. Committee, which has been active for more than three years, was not even notified of the hearing. None of the manpower agencies were aware of the hearing until after they read about it in the local newspaper. The testimony given at this hearing was from such individuals as a member of Future Farmers of America, an official of Bell Telephone Company, and a representative from Broadlawns Hospital in Des Moines.

As far as we know, no manpower agency was called upon to testify at the hearing. It seems ridiculous that a volunteer committee, established specifically for the purpose of improving manpower activities in this area, was not even notified of the hearing.

For this and other similar reasons, we favor the O'Hara bill, which places the ultimate responsibility for coordination of all manpower-related activities solely with the Secretary of Labor.

Ernest Comito, *Chairman.*

August 6, 1970.

Mr. Ernest Comito,
Des Moines Area (CAMPS),
Des Moines, Iowa.

Dear Mr. Comito: This is to acknowledge receipt of your statement concerning the manpower legislation pending before this Subcommittee and to assure you that it will be incorporated in the record of hearings on these bills.

This Subcommittee held 27 days of public hearings, including hearings in Des Moines, Iowa; Los Angeles, California; Detroit, Michigan; and Seattle, Washington. When the field hearings were planned, I asked Congressmen who were members of the Subcommittee to assist by contacting witnesses who represent a cross-section of opinion and experience in manpower programs to present testimony before the Subcommittee. One of the members of the committee who is from the State of Iowa prepared the list of witnesses for the morning of hearings in Des Moines.

I regret that due to time limitations, more witnesses from Iowa could not appear personally to give their views. However, at the hearing I announced that anyone wishing to make a statement should submit it in writing to the Subcommittee and it would be included in the record of the hearings and made available to all members of the committee. Since that date, one other Iowa organization besides yours has submitted comments for the record.

Thanking you for your interest in this most important legislation, I am

Sincerely,

Dominick V. Daniels,
Chairman, Select Subcommittee on Labor.

Transportation Opportunity Program, Inc.,
Pico Rivera, Calif., April 2, 1970.

House Subcommittee on Labor.

Gentlemen: Enclosed you will find some information about the Transportation Opportunity Program, Inc., which is operating on the third year of an E & D Contract with the U.S. Departments of Labor and Health, Education and Welfare. (Information referred to available in Select Subcommittee on Labor).

As the enclosed letter will indicate, there seems little likelihood that TOP will be able to secure funds from the state for operation of the program past October 31, 1970, the expiration date of the present contract. On the other hand, since we have had three years of E & D funding, National funding will not be available in the future. As the placement and retention figures indicate, ours has been a very successful program and I believe that if a fair evaluation were made, TOP would compare favorably with any other program in California. In terms of earnings of graduates (average $3.87 per hour), I believe TOP will compare favorably with any other program in the nation.

Yet we are denied funding! No one has offered a *valid* reason as to why our program has been denied future funding.

I cite the following facts:

We are not duplicating training of any other program in California.

Our placement record is well over 90% of our graduates.

Most of our graduates are placed in jobs covered by union contracts at good rates of pay.

We have trained a higher percentage of ex-convicts than any other MDTA program that I know of.

We have no educational requirements for admission to our program.

There is a growing need for qualified diesel truck drivers in this area.

Almost 50% of the heavy-duty drivers presently working will be retiring in the next 10 years.

TOP has been instrumental in helping the trucking industry to solve its equal employment opportunity compliance problems.

We have trained the following number of entry drivers, broken down by ethnic group:

Negro	266
Mexican-American	189
Caucasian	164
Other	11
Total	630

In addition to the entry program, TOP also conducts an upgrading program on evenings and week-ends.

TOP has trained the following men to date:

Negro	53
Mexican-American	103
Caucasian	203
Other	5
Total	364

These figures indicate that TOP has done a good job of recruiting minorities for the upgrading program, since the minority percentages of trainees are far higher than the percentage of minority employees presently working in the trucking industry.

In view of our record, we cannot understand the reluctance or the refusal of state agencies to grant us funds for the continuation of TOP. The very purpose of E&D Programs is to find new ways to conduct or organize training programs with the end goal that, if they are successful, they be included as part of the regular state programs. How, under proposed legislation, will problems like ours be handled?

We have four (4) recommendations to make:

1. Any proposed legislation should include an evaluation procedure to assist CAMPS in determining which programs most merit the limited funds available.
2. Maybe the time limit on E&D funds can be extended if budgetary problems limit a state's ability to pick up funding for a successful E&D program.
3. In situations similar to TOP, the Secretary of Labor should be given discretionary funds to continue successful E & D programs.
4. National contracts to private organizations should be made available on other than a year to year basis.

Since the Committee has had only a limited time to hear testimony in Los Angeles, and I was not able to appear as a witness, I respectfully request an opportunity to meet with the Committee at some future date to discuss these serious shortcomings on the present planning and funding systems.

Respectfully submitted,

DONALD D. SANBURN, *Project Director.*

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT,
Los Angeles, Calif., March 30, 1970.

DONALD D. SANBURN,
Project Director,
Transportation Opportunities Program, Inc.,
Pico Rivera, Calif.

DEAR MR. SANBURN: I am writing at this time to inform you of recent actions pertaining to Fiscal Year 1971 MDTA funding of the Transportation Opportunities Programs, Inc. (TOP).

As you know, TOP has always been directly funded by the national offices of the U.S. Departments of Labor and Health, Education and Welfare out of the unallotted reserve. Aware that continuation of that method of funding is uncertain we, in the Department of Human Resources Development, explored the possibility of including your training program in the Southern Region DHRD estimated allotment of the Fiscal Year 1971 MDTA State apportionment of training slots. Accordingly, the matter was included on the agenda for the Southern Region DHRD MDTA Planning Committee meeting held in February.

The findings and recommendation of the Committee were that owing to the critical reduction (approximately 20%) in MDTA training slots for FY '71 in comparison to FY '70, it would not be possible to fund TOP out of the curtailed slot allotment without further cut-backs, over and above those already dictated by the 20% reduction. These cut-backs will have to occur in effective programs traditionally funded out of the State MDTA apportionment.

The Planning Committee therefore recommended that TOP should not be included in the Southern Region's allotment of that apportionment.

The question of locally funding TOP was also put before the March 12, 1970 meetings of the MDT Operations Committee and the MDT Advisory Council, along with the recommendation of the Planning Committee. After being presented with the local MDTA funding picture for FY '71 both groups reluctantly determined that your program, along with others must of necessity, be excluded from the regular California State MDTA FY '71 funding.

TOP has performed a valuable service to the community, and we sincerely hope will continue to do so. We are genuinely sorry that circumstances, some of which have been noted herein, preclude inclusion.

I hope that this letter will serve to give you sufficient time to arrange alternate funding.

Our association in the past has been meaningful in terms of service to the disadvantaged, and I hope that we may continue to work together in the future.

Sincerely,

LOUIS J. JOHNSON,
Regional Deputy Director, Southern Region.

PARIS JUNIOR COLLEGE,
Paris, Tex., June 22, 1970.

Hon. DOMINICK V. DANIELS,
Member of Congress,
Washington, D.C.

DEAR CONGRESSMAN DANIELS: The attached summary of the proposed Manpower Development and Training Act of 1970 has come to my attention. As an educational institution offering MDTA programs, we can give wholehearted support to the provisions of this proposal. I would like to suggest that you consider introducing a bill in the House similar to S3878 recently introduced in the Senate.

Thank you for your splendid support of junior college education.

Sincerely yours,

LOUIS B. WILLIAMS, *President.*

KEY PROVISIONS IN THE PROPOSED MANPOWER DEVELOPMENT AND TRAINING ACT OF 1970

The Bill, S 3878, has been introduced by Senator William Prouty of Vermont. Prouty was one of the primary sponsors of the Act of 1962 and also one of the sponsors of one of the Comprehensive Manpower Training Bills on which hearings have been conducted. S 3878 is designed as an effective compromise between pending manpower bills and the Manpower Development and Training Act of 1962. Below in brief outline form are the key provisions in Senator Prouty's Bill.

A National Manpower Advisory Committee of 15 members.

A special Manpower Assistant to the President.

Computerized labor market information system—local, State, and National.

Health Services, including child care for trainees.

Basic set of tools for each trainee where tools must be furnished by the trainee where he is to be employed.

Work experience program for grades 9–12.

A two-weeks allowance bonus for each trainee completing training course.

State approval of all training proposals after the State Plan has been approved.

Secretary of Labor and Secretary of Department of Health, Education, and Welfare to retain basic responsibilities as in Manpower Development and Training Act, 1962.

Training arranged by Secretary of the Department of Health, Education, and Welfare in *consultation* with the Secretary of Department of Labor.

Evaluation of training arranged by Secretary of the Department of Health, Education and Welfare in *consultation* with the Secretary of the Department of Labor.

Loans and grants made to trainees for relocation purposes.

Grants or contracts for training personnel needed to render technical assistance to Manpower Training.

Work experience in socially useful work in public and private agencies in fields of health, public safety, education, recreation, etc.

Training in correctional institutes, in transition, in Rural Area Redevelopment areas as before.

Secretary of the Department of Health, Education, and Welfare and Secretary of the Department of Labor jointly enter into agreement with the Governor of each State under which a State Manpower Advisory Council will develop and administer a comprehensive manpower plan for the State—the committee to be appointed by the Governor.

Secretary of the Department of Health, Education, and Welfare will enter into agreement with the appropriate State Education Agency to provide training.

Repeals certain amendments to the Economic Opportunity Act.

Extends Manpower Development and Training Act of 1970 to June 30, 1975.

Joint approval of the Department of Health, Education, and Welfare and the Department of Labor on National CAMPS Issuances.

Eighty percent of funds go to the States before NABS–JOBS, and similar programs get their funds.

Department of Health, Education, and Welfare and the Department of Labor jointly decide how Unapportioned Account (the 20%) will be utilized.

Overall, the bill gives much more authority to the Secretary of the Department of Health, Education, and Welfare and to the various States.

FAMILY AND CHILD SERVICES OF WASHINGTON, D.C.,
Washington, May 27, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Select Committee on Labor,
House of Representatives,
Washington, D.C.

DEAR MR. DANIELS: I hope that the following statement may be inserted in the RECORD of the recent hearings on Manpower Legislation held by the Select Subcommittee on Labor, of which you are Chairman.

Family and Child Services, the largest voluntary family service agency in Washington, D.C., would like to strongly endorse and associate itself with the testimony presented by Mr. Markham Ball, representing the National Capital Area Health and Welfare Council, on April 23.

We work with many families whose major problems stem from an inability to find appropriate fully self-supporting employment. We deplore the serious inadequacies and ineffectiveness of existing programs, which with their frequent lack of follow-through, proper coordination, and supporting services are not only an actual waste of funds but act as a disincentive to seeking training and employment.

We particularly urge the Committee to provide for adequate programs for day care, without which no manpower legislation can be more than partially successful, counselling and other supportive services. We believe that specific jobs must be available to those enrolled in training programs.

We are convinced that in the District of Columbia in particular there is a tremendous need for additional public service jobs in the fields of health, education, housing and welfare. Family and Child Services has participated for several years in the "New Careers" program of the Economic Opportunity Act. We have trained and placed fifty casework aides in useful and productive positions in a number of voluntary welfare agencies including our own. As well as providing employment and career opportunities for many persons who have hitherto been unable to find jobs, it is our experience that the para-professional can make a unique and useful contribution in the public service field.

Sincerely yours,

(Mrs.) B. BERNEI BURGUNDER, Jr.,
President.

SAN FRANCISCO ADULT LITERACY CENTER, INC.,
San Francisco, Calif., June 22, 1970.

DOMINICK V. DANIELS,
Chairman, U.S. House of Representatives, Committee on Education and Labor, Select Subcommittee on Labor, Washington, D.C.

DEAR MR. DANIELS: There are 30 million adult illiterates in the United States over the age of 25 who need an education in order to continue functioning in this automated society. They need an opportunity to receive an introductory education in an informal setting to ease the tension and remove the fear and stigma of failure, in order that they might enter Adult Basic Ed or job training programs.

Literacy Centers should be coordinated in order to utilize vast resources of persons willing to teach a person for a few hours on one or more days each week.

Many adults who have never been to school cannot overcome the fear enough to enter the school setting without help.

Millions of teenage youths have received worthless diplomas and they have not learned to read the words on that diploma. Most of these students need the success of learning how to decode the written word before they can return to a classroom setting. Many of these youths have found night school and Adult Basic Ed too much for a non-reader. Also, they often find the books too difficult and drop out

A National Literacy Board or commission needs to be created in order to help fund literacy programs all over the country. Many existing programs are using the Laubach method, and other programs need skeleton funding. If Adult Basic Ed or literacy programs are to be meaningful, one must complement the other. Therefore, a chairman with understanding, knowledge, and empathy should be appointed. The chairman should be an impartial person with the knowledge of literacy, who would work with volunteers and encourage a coalition among schools.

Schools are now talking with other educational organizations about a coalition. Literacy Centers all over the country are attempting to work on the problem.

Perhaps I can suggest a name of a Chairman for this Board when it is created. I have known many of the people working in this field, since I was on the National Literacy Board for the past year. If I may be of service, please let me know, as I would be delighted to help.

Sincerely,

MRS. CHARLESETTA ALSTON, *Director.*

POSITION OF THE IOWA COMMUNITY ACTION DIRECTORS, DES MOINES, IOWA

The Iowa Community Action Program directors take the categorical and collective position opposing any and all manpower reforms which would divest the controlling elements under the auspices of our old bureaucratic manpower agencies. The track records of such agencies have indicated that they represent a vulturous system which "sucks the blood" out of any manpower package which comes down the pike.

First and foremost, we are not enthusiastically pleased with any of the Manpower Training Acts as presented. However, if we must choose so be it. At our

April 1, 1970, meeting we unanimously approved the manpower Act H.R. 11620 (referred to as the O'Hara bill). The key feature in the O'Hara Bill which influenced our vote would permit the Secretary of Labor to: (1) Contract with private nonprofit organizations to provide public service employment for the unemployed, where contracts would result in an increase in available employment opportunities. (2) Vest ultimate responsibility for the development of a comprehensive manpower services program, and would not require him to seek concurrence in program administration and operation from any other State, Federal department or Agency.

In summary, we oppose the Steiger and administration bills because of the strong intermediacy authority given to state officials (Iowa Employment Security Commission) which we feel would hinder the effectiveness of resolving the manpower problems which exist in the State of Iowa.

STATEMENT ON BEHALF OF THE NATIONAL EDUCATION ASSOCIATION BY DR. JOHN M. LUMLEY, ASSISTANT EXECUTIVE SECRETARY, OFFICE OF LEGISLATION AND FEDERAL RELATIONS, NATIONAL EDUCATION ASSOCIATION

The National Education Association represents 1,081,000 individual members and more than 2,500,000 educator members through its affiliated State associations. These educators have a deep interest in the proposed Manpower Training legislation represented by H.R. 10908, H.R. 11620 and H.R. 13472. Since these proposals rely heavily on education for solution of the manpower problem NEA appreciates the opportunity to express the viewpoint of educators on these proposals.

We welcome proposals to improve present efforts to develop employable skills in unemployed and underemployed youth and adults. The obvious paradox of unemployed people and jobs that go continuously unfilled present a stubborn challenge. It is abundantly evident that past efforts to solve this problem have been unsuccessful. Sponsors of these proposals are to be congratulated for their efforts to solve this problem which is the product of our rapidly developing technology.

The attempt through these proposals to consolidate the wide variety of manpower programs is most commendable. Many of our members tell us that the voluminous forms they are required to prepare and the regulations and guidelines which must be interpreted for the numerous programs in which a school system may participate tend to discourage their participation.

The recent Federal manpower enactments have been successful in training many of the unemployed, placing them in productive occupations and in general the retention has been good. But this is only half of the story. Reliable data show that while new programs were training and placing a satisfying number of the unemployed no reduction in the number of unemployed resulted. This situation exists because very little has been done to correct the cause of unemployment. In short we have devised fairly effective treatment for the symptoms of unemployment but have woefully neglected the causes.

During fiscal year 1970 we will spend approximately $1.5 billion through present programs designed to train and place the unemployed in productive occupations. At the same time we will be spending only about $62 million through our educational system in our effort to prevent unemployment. Financial starvation of vocational education which prevents unemployment is the single greatest contributor to the student dropout situation.

Our education system has recently come under severe criticism for alleged shortcomings. Such criticism has been directed to failure of the system to provide those who enter the world of work with employable skills. But this is only half of the story.

Recognizing the need to develop employable skills during the educational career of young people the Congress enacted the Vocational Education Act in 1968. The Act contained an authorization required to attain the objectives of the Act. Since the enactment only about one half of the funds authorized have been appropriated by the Congress.

Recognition should also be given to the cost of preparing young people for the world of work outside the school system. Through the variety of manpower programs presently in operation per capita costs for training are reliably reported to range between $1500 and $4000 per person. At the same time per pupil costs in the school system for education in the United States averages approximately $725.

In summary of this short review of the background of the manpower problem we conclude that:

1. The number of unemployed will not be reduced until at least as much attention is given to prevention as is given to remediation.
2. Appropriations must more nearly approximate authorizations and must be made far enough in advance to make possible sound administration and implementation of school programs.
3. For our national welfare we must devise a way, to make it politically popular to make adequate funds available for education.
4. Retention of students in the school system and providing the training necessary to develop employable skills are directly related to underfinancing the Nation's schools.
5. The difference in training costs between the public schools and the manpower programs should be given careful consideration.

GENERAL REVIEW OF CURRENT PROPOSALS

These proposals place principal responsibility and authority for administration of manpower programs on the Secretary of Labor. At the State level the proposals require the formation of a Comprehensive Manpower Agency. At the local level principal responsibility for directing implementation of the programs is vested in a prime sponsor. This constitutes a wholly new system for the administration of manpower programs, but is approached largely outside the present education system.

The concurrence of the Secretary of Health, Education and Welfare is required for those parts of programs which are of health, educational or welfare character or which are under the usual and traditional authority of the Secretary of HEW. The concurrence of school administrators and community college officials would be required to be included in the membership of the advisory committee which would consult with the prime sponsor. State educational authorities would be included in the State manpower agency at the discretion of the Secretary of Labor. This constitutes the total involvement of recognized education personnel in the promulgation and administration of manpower programs in these proposals. While this meager utilization of expertly trained education personnel is welcome it hardly indicates the primacy that should be given to the education component of manpower training. The full responsibility for education in these proposals should be in the U.S. Office of Education.

It is overly optimistic to expect expertly trained, professional administrators at secondary and post secondary education levels to cooperate when placed in such a subordinate educational position. Such shifting of responsibilities would completely discourage those in education who have worked strenuously for a system to provide comprehensive training for *all* young people. These proposals encourage a dual system in which the public schools of the community prepare the college bound while City Hall conducts a program at exorbitant Federal expense for the others.

There are other considerations relative to these proposals to create this system of developing manpower. The expense will need to be given careful consideration. Reliable data estimate the flow of untrained into the unemployment pool per year to be approximately 750,000. Training only one half of this number at a cost of approximately $1500 per person and a stipend approximating the same amount will cost the Federal government about $1.125 billion per year.

Our young people want a high school diploma, not a certificate from an unemployment center. They want and need an opportunity to develop their potential to the maximum without foreclosure on any options for further education at any and all stages of their training careers. It is truly the obligation of officials at local, State and national levels to make this opportunity possible.

The NEA has for many years maintained a strong policy in opposition to any Federal control of education. The extensive control delegated to the Secretary of Labor throughout these proposals is highly autocratic and contrasts very sharply with policy followed by the Congress in writing education legislation in recent years. This control reaches serious proportions when the Secretary of Labor is authorized to conduct training programs at the local level as stated in Sec. 103(b) of H.R. 13472. Nearly all legislation relative to education today includes a provision strictly prohibiting any department, agency, officer, or employee of the United States from exercising any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

RECOMMENDATIONS

Rather than devise a new system to administer manpower programs it seems extremely logical to utilize our present public school system which is responsible for programs compatible to these proposals.

The Secretary of Labor is presently responsible for determining labor needs and opportunities in all areas of our industrial world. The U.S. Office of Education is presently responsible for administering educational programs that the Congress determines necessary to the National Welfare. Each of the fifty states has an education agency which usually includes a vocational education board.

At the local level a new unit needs to be formed to direct activities toward elimination of unemployment and underemployment in all its forms. This unit might be known as the, "Education Council." By name and all other possible ways a prime objective would be to unite all our young people in their educational endeavors and avoid an unfavorable connotation of those who choose to enter the world of work. Key members of the Educational Council would be the mayor, superintendent of schools, president of the community college, chief officer of any area technical institute, a representative of the local public employment agency, and the president of the local chamber of commerce. This Act should fix the responsibility with this group to devise a plan, to be approved by the State education agency, that would provide effective educational opportunities for both those who may enter and those who have become members of the group of unemployed of the area. In rural and suburban areas combinations of school systems and communities for this purpose should be under the direction and supervision of the responsible State education agency. The funds appropriated to fund this plan would be allocated to the "Education Council," which would administer the program through the local institutions of education and business.

One of the severe handicaps felt by a local school system in providing training for employable skills is the cost. Expensive equipment, small classes, space in school buildings and the salary of a trained teacher make it difficult to provide this service.

The per pupil cost of education in a given community from State and local sources is a known factor. The expenditures for this recommended program beyond State and local revenue sources would be a Federal obligation. In the event it becomes desirable to provide on the job training the necessary arrangements could be easily, efficiently and effectively made between the local "Education Council," and appropriate industrial firms.

Of extreme importance in these recommendations are:

1. Control of and responsibility for the education of the unemployed by local officials who are closest to and most knowledgeable of the problem.
2. Avoidance of a division of our young people into two groups, the college-bound and the manpower group destined for the world of work (and a social status of second class citizenry).
3. Cost of the training kept at a minimum with the maximum cooperative involvement of local, State and Federal sources of finance.
4. Provision for the maximum utilization of existing mainstream institutions and programs.
5. Avoidance of another layer of Federal bureaucratic governance.
6. Provision of a two pronged attack on prevention of school dropouts and training and retraining of adults and youth who left school without employable skills.

In the interests of the nation's youth, and the welfare of our nation, Congress has the opportunity and the responsibility to bring order to this chaotic situation.

The National Education Association urges the inclusion of the foregoing suggestions in proposed manpower legislation.

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., March 9, 1970.

Hon. DOMINICK V. DANIELS,
Chairman, Select Subcommittee on Labor, Committee on Education and Labor, U.S. House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is regretfully to report that circumstances will prevent me from appearing before your committee this Wednesday, March eleventh, to testify on the pending comprehensive manpower bills, copies of which you were good enough to send me.

I did want to put into the record, however, my concern that whatever manpower legislation emerges from your committee, include not only the consolidation of existing scattered manpower programs, but also provide specific incentives for employers to upgrade new employees. Without upgrading incentives, there seems to me a serious danger that too many new jobs will be dead-end jobs and that the employment cycle will not open up new places at the bottom for the rising generations of employables.

The incentive scheme in H.R. 11620 (the O'Hara bill) seems to me protected with appropriate safeguards, since it requires that the position to which the new employee is upgraded must be marketable in the industry as well as in the particular company, and that it must open up an entry level job.

I am also impressed with the need for some provision in this legislation for federal guarantees of public sérvice employment (as provided in Title III of H.R. 11620) so that unemployed persons can be employed in useful work, at prevailing wages, where private employment cannot close the unemployment gap. If we are to have an adequate income maintenance program, which, in my view, we desperately need, it is all the more important that the scope of that program be confined by measures to limit unemployment and underemployment. The real bite of poverty it seems to me is not to be able to make the kind of contribution to society for which society is willing to offer a decent reward. In situations where the private economy cannot provide that opportunity government must step in.

Sincerely,

ADAM YARMOLINSKY,
Professor of Law.